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Japan to End Limit On Military Budget



Harold Macmillan, 92, Dies in the U.K.

LONDON (Reuters) — Harold Macmillan, 92, Britain's oldest surviving ex-prime minister, died Monday at his home, his family announced. He was Conservative prime minister from 1957 to 1963, and held the title of the Earl of Stockton.

INSIDE TODAY GENERAL NEWS ■ A friend says Ronald Reagan is "at peace with himself" as his troubled year ends. Page 3. BUSINESS/FINANCE ■ Spain's Telefonos is trying to join a telecommunications company with CCE of France and ITT of the U.S. Page 9.

TOKYO — The Japanese government will submit a budget to the Diet calling for an end to the country's 10-year policy of limiting military spending to less than 1 percent of Gross National Product, a spokesman for the Japan Defense Agency said Monday. He said the decision on the presentation to parliament was made at a meeting of officials of the government and of the ruling Liberal Democratic Party that included the agency's director-general, Yūko Kurihara, and Finance Minister Kiichi Miyazawa.

The spokesman said they agreed on a 5.2 percent increase in military spending, raising the figure to 3.5 trillion yen (\$21.9 billion). This would be equivalent to 1.004 percent of the officially forecast GNP for the fiscal year starting on April 1. The 1 percent figure was set in 1976. The United States has been pressing Japan to increase its military spending, however, and the Defense Agency has declared that Japan's defenses have failed to keep pace with a Soviet military build-up in Asia.



Anti-Nuclear Protesters Are Removed From Pentagon Philip Berrigan, left, a longtime peace activist, and other protesters were removed by police Monday as they blocked an entrance to the Pentagon.

Americans Abroad: Possible Tax Problems

WASHINGTON — Americans abroad may find that their new tax returns under the U.S. tax-overhaul law resemble the Christmas presents they bought their children — expensive and impossible to assemble without professional help. Generally, the law trades a reduction in tax rates for curtailment or elimination of many tax breaks.

turns and lower taxes. But for Americans abroad it is a mixture of tax increases and amonycances that probably will keep tax lawyers and accountants working overtime for many years. There is only one provision in the new law that is aimed directly at overseas taxpayers. The earned income exclusion has been cut to \$70,000 from \$80,000.

Defiant Students March in Beijing Despite Threats

By Daniel Southerland Washington Post Service BEIJING — More than 2,000 students marched in northwest Beijing in the early morning hours Monday in defiance of a ban on such unauthorized demonstrations. The Beijing Evening News said that the march violated the law and that the persons who instigated it would be held responsible.

Witnesses said that Monday's demonstration started when several hundred students beating drums and using brooms as torches gathered between 1 and 2 A.M. at the Teachers University. The size of the demonstration swelled after the students marched in freezing weather over snow-covered streets to several nearby universities, including Beijing University.

Chirac Names a Mediator in Rail Strike

PARIS — France's conservative government, under increasing pressure to end a nationwide rail strike that began Dec. 18, named a mediator Monday and suspended a proposed salary and promotion structure that was at the center of the dispute. A Transport Ministry spokesman said that plans to introduce the new salary scale, which places emphasis on merit rather than seniority, would be suspended pending the mediation efforts.



French seamen, who have been on strike since Dec. 8, set fires on Monday to block the gates of the Port of Marseille. The government said that new talks would start on Tuesday.

The appointment followed an appeal by President François Mitterrand to Prime Minister Jacques Chirac that the government intervene directly in the dispute, which has paralyzed much of the country's rail network. Mr. Chirac had previously ruled out a direct government role. Pressure to end the strike has also been increased by the threat of stoppages on the capital's transport system.

Up Close, Cells Look Like Freeways

By Boyce Rensberger Washington Post Service WASHINGTON — Inside almost all living cells is a microscopic freight transportation system with a network of tracks along which molecule-sized motors transport thousands of packages of chemicals from one part of the cell to another, a team of scientists has found. Under the microscope, the system looks like a tangle of highways and interchanges viewed from the air, with containers of cargo gliding in opposite directions along the same highway and sometimes exiting onto intersecting roads bound for other destinations.

Food Surpluses Threatening EC Solvency

By Paul Lewis New York Times Service LE MANS, France — Europe's food surpluses, which have saddled taxpayers with crippling bills and created sharp political tensions with the rest of the world, are now threatening to push the European Community into bankruptcy early next year. The community's 12 member states are storing 1.5 million tons of excess butter and nearly three-quarters of a million tons of unwanted beef. Another million tons of surplus milk is stored in powdered form.

The auditors for the community estimate its unfunded spending commitments at \$20 billion, including a likely \$5 billion write-off of much of the butter, which costs \$1.3 billion a year to store. The surpluses have built gradually during the 1980s, partly as a result of modern farming methods but mainly because of the Common Agricultural Policy, the CAP, which gives European farmers high, guaranteed prices and protection against foreign competition through levies on imports.

50 Homesick Emigrés Leave U.S. for Soviet

By Bill Keller New York Times Service MOSCOW — Fifty homesick Soviet emigrés, disappointed with their attempts to build new lives in the United States, returned Monday to the Soviet Union to a warm official reception. Soviet officials said it was the largest group to be repatriated at one time and that it reflected a new policy of welcoming emigrés back. At Moscow's Sheremetyevo airport, the returning emigrés said they had been driven home by the stress of urban American life and the difficulty of fitting in to a foreign society.

Mozambique War Takes a Heavy Toll on Malawi's Economy

By Blaine Harden Washington Post Service LILONGWE, Malawi — For the good of his poor, landlocked and overcrowded country, President Hastings Kamuzu Banda, who has ruled this country with an iron fist for more than two decades, has made what he calls "an alliance with the devil." The reference is to white-ruled South Africa, the economic engine of southern Africa. Mr. Banda, alone among the leaders of independent Africa, established and maintains full diplomatic ties with Pretoria. He allows South African businessmen and tourists the run of his country. In return, a grateful South Africa has provided funds for construction of this new capital city and for a gleaming international airport.



Hastings Kamuzu Banda

Malawi's supposed friend, the friend's insurgents, in effect, are cutting Malawi's economic throat. "They are killing us slowly," a senior agribusiness executive said here last week. He said that it is no longer profitable to export sugar, peanuts, corn or most other food grains that Malawi produces. "The cost of growing the crops and transporting them to a port now exceeds the international price. Unless the transportation problem is solved, the rebels are supported by the South African government,"

its knees in recent years by an insurgent force called the Mozambique National Resistance movement, or Renamo. Besides razing vast stretches of the Mozambique countryside, the rebels have systematically sabotaged the country's railroad lines, which also happen to be Malawi's primary links to the sea. Without those links, economists and businessmen here agree, Malawi's export-dependent economy cannot survive. Since the rebels are supported by the South African government,

who said he first applied to return in 1961, two years after arriving in the United States. Mr. Agazarian, who lived in Queens, said: "I don't see over there a good life. The United States has so many problems and life is hard." Valery and Lydia Kiever, painters who said they left the Soviet Union almost 10 years ago because the Soviet government closed their exhibitions of abstract art, said that they had found themselves culturally at sea in the United States. They lived in Maine, New York and Los Angeles, and first applied to return eight years ago. "A lot of people make a mistake to think they can run away from problems," Mrs. Kiever said. They returned with a young son and a teenage daughter and said they would renounce U.S. citizenship. "We couldn't mix in that society," her husband said. "You have to be a member of some caste or group." Olga Siryavina, 15, who was returning with her parents, appeared nervous about the return but said: "I like my country more," said Valentin Agazarian, 36, a tailor

Community Impenitent After U.S. Black's Death

New York Mayor's Effort to Confront Racism Rebuffed by White Residents

By Joyce Parrick
New York Times Service

NEW YORK — Mayor Edward I. Koch of New York went to a church in Howard Beach, New York, in search of what he called an "honest" and "forthright" discussion about race relations. He was interrupted, booed, shouted down and ambushed.

Some people refused to enter the church because Mr. Koch was there, and others walked out as he stood before them in Our Lady of Grace Roman Catholic Church, a short walk from where a 23-year-old black man, Michael Griffith, lost his life Dec. 20 in a racial attack by a group of white men.

Mr. Griffith, one of four black men in a car that had broken down, had been pursued through the streets by a group of white men shouting "Nigger, you don't belong here!" Mr. Griffith was beaten twice and was killed when, trying to escape further beatings, he ran in front of a car while trying to cross a highway.

Shouts of "Go home," "Resign" and "You have no right here," greeted the mayor's arrival. Members of the congregation treated his visit and departure just as angrily — in sharp contrast with the friendly reception he got later Sunday at another Queens church he visited in a predominantly black community.

The mayor decided to visit churches in a black and in a white

neighborhood in the aftermath of the Griffith killing. He had reacted swiftly and strongly last week to the young man's death, likening it to a "lynching" in the old South and, according to many residents of Howard Beach, smearing their community in the process.

Those in Our Lady of Grace Church made no attempt to hide or mute their anger Sunday.

"There is a discourse that should be had more often," the mayor began, "where one can talk about the anxieties and the fears and the frustrations. That's what I'd like to talk about and to have you, if you will, respond to those people who were attacked."

After Mr. Koch opened the session to questions, members of the congregation did respond — but not as he had wished.

In the very kind of community where he has traditionally been so popular — a white, working-class neighborhood — people accused him of slandering their community, of not understanding their problems, of exacerbating racial tensions, of using their church for political purposes.

"I'm a person who beat and ultimately caused the death of a black man," the mayor said, "they don't represent you, they don't. Absolutely not."

"So why are you here?" showed Mary Slater, who has lived in Howard Beach for 21 years.

"We are not a racial community, but you labeled us," she continued, going on to say that her neighbor-



Howard Beach residents during a demonstration Saturday protesting the death of a black in the Queens district.

hood was not racist, that people lived in harmony. Seconds later, she offered a different perspective.

"Where are you when we women are going to work and we're being robbed and mugged, mainly from these poor, underprivileged people coming into our neighborhood?" she asked to cheers from many of the congregants.

The mayor kept saying that racism existed everywhere, that the only way to address it was to acknowledge it and discuss it.

People in the congregation asked the mayor why the black men who were attacked early on Dec. 20 had entered Howard Beach, some distance from where the police say their car broke down. "I don't know, and I can tell you this," the mayor began. He was interrupted. "Hold on, hold on," he continued.

"And neither did the 12 or so people who beat them. Because they didn't ask them. They didn't talk to them."

Then Mr. Koch — so often criticized in the past by black leaders for being "insensitive" — told the congregation that while all ethnic groups had suffered discrimination, none had suffered as badly as blacks "because you can single them out by the color of their skin, whereas you do not know the others." Then, the boing obscured his voice.

Friend Says Reagan 'at Peace' at Year-End

By Bernard Weinraub
New York Times Service

LOS ANGELES — As Ronald Reagan spends the last days of his troubled year in relative seclusion in Los Angeles and Palm Springs, California, he and his wife, Nancy, are surrounded by themselves with longtime friends.



Charles Z. Wick

One of these friends, Charles Z. Wick, director of the U.S. Information Agency, has been especially close to the president in recent days. Mr. Wick spent Christmas Eve and Christmas Day with Mr. Reagan and plans to join the Reagans on New Year's Eve in Palm Springs at the estate of Walter H. Annenberg, a millionaire publisher who is a friend of the Reagans.

"The president has great resilience, great self-confidence, his mood is certainly not one of being battered," said Mr. Wick, a former Hollywood agent and business executive. "His mood is, 'Let's get the job done and do what's necessary.'"

"I go through regular channels: State and Defense. I would never do anything in a personal way unless I thought it was in the national interest."

Mr. Wick declined to say if he had discussed with Mr. Reagan the possibility of staff changes, including the resignation of Donald T. Regan, the chief of staff.

Mr. Wick himself, after a relatively stormy start in his USA post, has not only survived the criticism but earned applause from critics for expanding the agency's budget and modernizing its technology. The agency is responsible for the government's overseas information, educational exchange and cultural programs.

In the agency, some critics say privately that the commentaries and editorials beamed to the Soviet Union are strident and bombastic. "Totally untrue," said Mr. Wick. "Just come in and look and listen. We're anything but strident. We're very factual."

What is perhaps most curious about Mr. Wick's tenure at the USA, according to officials there, is the relatively conciliatory efforts toward the Soviet Union in recent years.

Initially, Mr. Wick was one of the most vocal anti-Communist voices in the administration.

He came up with the idea of a television spectacular broadcast abroad, "Let Poland Be Poland," which deplored the lack of freedom in Poland.

Recently, however, Mr. Wick has openly sought exchanges and accommodation with the Soviet Union. He has made tentative plans to beam Voice of America broadcasts over Soviet domestic stations in return for allowing Moscow radio programs to be carried by stations in the United States.

Mr. Wick said that early next year he also planned to discuss an exchange of books and movies with the Soviet Union. He plans to meet Alexander N. Yakovlev, the Soviet Communist Party secretary in charge of propaganda, with whom he held an unpublished meeting at the time of the Reagan-Gorbachev meeting in Iceland in October.

U.S. and Iran Resume Talks On Assets

The Associated Press

THE HAGUE — Iranian and American officials resumed negotiations Monday over the return of more than \$500 million in assets to Iran, which has said it might intercede on behalf of American hostages in Lebanon if it gets back all its U.S.-held funds.

Negotiators from the Iranian central bank, the New York Federal Reserve Bank and the two governments met in the Dutch capital at the heavily guarded Iran-U.S. Claims Tribunal to work out the terms for return of \$506 million dollars, plus interest, to Iran.

That amount represents Iran's overpayment into a \$3.67 billion fund held by the U.S. government central bank in New York for repayment of American bank loans to Iran.

Although the Iran-U.S. Tribunal here has offered to step in and arbitrate the issue of the surplus funds, American and Iranian negotiators have opted for a new series of meetings this week to try to settle the issue themselves, without intervention by the tribunal.

Two other sets of meetings in London and at The Hague have been held in the last two months to work out conditions for releasing the surplus funds that would absolve the U.S. central bank of any liability for its six-year management of the funds.

The United States has agreed in principle to repay the funds, although there are reportedly still some unpaid loans to be settled.

The negotiations have taken on added significance because Hashemi Rafsanjani, speaker of the Iranian parliament, has said several times in recent weeks that his government could intercede on behalf of U.S. hostages in Lebanon if Washington released Iranian assets.

At least six Americans are missing in Lebanon, most believed held by Shiite Muslim extremists loyal to Iran.

Sam Wonder, a U.S. Embassy spokesman, noted that the surplus funds are only part of the Iranian assets being held in the United States and sought by the Iranian government.

"The funds and assets referred to by Rafsanjani are presumably funds held by the New York Federal Reserve Bank and military equipment and funds involved in Iran's purchases through the Foreign Military Sales program under the Shah," he said.

The tribunal said in August that either country could appeal if unable to resolve the bank fund issue by Dec. 20. It is the only known forum where the Iranian and American governments still have official contacts.

"However, tribunal sources said those contacts deal only with financial matters and not with diplomatic issues such as the hostages in Lebanon."

The tribunal was set up by the 1981 Algiers Accords, which resulted in freedom for the 52 American hostages held 444 days by Iranian militants in the U.S. Embassy in Tehran.

Managua Pursues 'Forward Defense' Strategy Uses Intelligence, Border Conflicts to Stop Contras

By Bernard E. Trainor
New York Times Service

WASHINGTON — The Nicaraguan government is pursuing a military strategy of "forward defense" in its war against the American-backed rebels, Sandinist officials say.

The strategy is designed to keep the rebels, known as contras, out of Nicaragua by aggressively engaging them along the Honduran-Nicaraguan border.

Colonel Javier Carrion, who identified himself in a recent interview as the Sandinist officer in charge of operations against the contras, said the strategy had proved successful. The rebels, he said, are so busy defending themselves along the border that they have little success infiltrating guerrilla teams into Nicaragua.

The Sandinists say that in 1986, 4,000 contras were killed trying to establish camps in Nicaragua. Contra sources in Honduras say this is a gross exaggeration of their casualties, but they declined to provide alternative figures. Sandinist losses were put at 1,000.

Most of Nicaragua's 72,000 troops are tied up in operations against the contras, both along the Honduran border and in the interior of Nicaragua. Tank-equipped units, however, were held in readiness for what the Sandinist government asserts is an imminent invasion of Nicaragua by the United States.

Sandinist estimates of the number of contras now in the country are put at 1,000, with most of them in the mountainous department of Chontales, in south-central Nicaragua. American sources agree on where the contras are, but they put their numbers at about 4,000.

People connected with the contras in Honduras say it takes about three months for a group of rebels to make their way south to Chontales from their Honduran base camps. These sources also say the Sandinist forward strategy makes infiltration difficult, but not impossible.

The renewal of American military aid to the contras, they say,



Patrol searches for rebels at farm north of Managua.

will allow more guerrilla teams to be trained and equipped, and infiltration will increase in 1987. A U.S. military officer in Tegucigalpa, the Honduran capital, said he believes the contras must double the number of troops now within Nicaragua before they can undertake significant operations against the Sandinists.

In describing the Sandinist forward strategy, Colonel Carrion said it was based on good intelligence of contra plans and movements. Some of this intelligence comes from the interception of contra radio messages, he said, but it also comes from Sandinist agents serving undercover with the rebels.

U.S. officials say that Sandinist intelligence is excellent and also acknowledge that the Sandinists have penetrated the contra command structure.

Based on the information collected, the Sandinists send recon-

naissance teams of about seven men each. These teams seek to find the contras as they cross the border from Honduras. Their job then, according to Colonel Carrion, is to provide accurate information on the size, activity, location and equipment of the rebels.

Once the Sandinists have this information, larger units are dispatched to intercept and engage the infiltrators. There generally are two types of Sandinist units that can be used. There are "hunter-killer" units, known as cazadores, which are lightly armed and number about 350 men each.

Another option is to use one or more of 10 light infantry battalions, specially trained for combat against the contras. These units, known by the initials BLI, are light by normal military standards, but nonetheless are fairly powerful forces made up of about 800 men each and armed with machine guns and mortars.

Units of both types are deployed along and near the Honduran border in the vicinity of known or suspected infiltration routes. The cazador units normally have prescribed areas to defend, while BLI units are more mobile.

When a contra infiltration effort is detected, one or both types of units are sent into action.

Colonel Carrion said the Sandinists rarely used Soviet transport helicopters to move troops to intercept the contras because they have a limited number of these aircraft. Independent sources put the number at 18.

Movement in the rugged mountain border area, according to the Sandinist officer, is normally by foot, supplemented by mules and horses.

The Sandinists deny that any of their forces operate inside Honduras, but both U.S. and contra sources say that there are always Sandinist forces in Honduras and that Sandinist artillery is positioned as close to the border as it can get to provide deep fire support.

This is particularly true in the Las Vegas Salinas, where a wedge-shaped sector of Honduran territory sits into Nicaragua. It was in this area, a favorite infiltration spot for the contras, that fierce fighting erupted early this month.

Usually reluctant to acknowledge that Sandinists are in their territory, the Hondurans accused the Nicaraguans of overrunning Honduran border posts during the battle. The Hondurans responded by reinforcing the area with the support of American helicopters and by conducting an air strike against Sandinist positions.

2 Held in Death Of a U.S. Agent

New York Times Service

WASHINGTON — Two Mexicans have been arrested in Los Angeles in connection with the murder of a U.S. drug agent who was kidnapped and tortured last year while working in Mexico, according to federal officials.

The Drug Enforcement Administration identified those arrested as Jesus Felix Gutierrez, 38, and his nephew, Carlos Felix Gutierrez, 26. The agency said they would be charged with violations of federal narcotics laws and with taking part in a conspiracy to kidnap and murder the drug agent, Enrique Camarena Salazar.

Mr. Camarena Salazar was abducted in Guadalajara on Feb. 7, 1985. His body was found a month later. The killing strained relations between the United States and Mexico, which, according to American officials, accounts for about one-third of the marijuana and heroin imported into the country.

Small Wins Re-Election

Reuters

MOGADISHU, Somalia — President Mohammed Siad Barre was officially declared the winner Sunday of a further seven-year term following presidential elections last week. The electoral commission said Mr. Siad Barre polled 99.99 percent of the 4.8 million votes cast in the Dec. 23 poll, in which he was the only candidate.

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Herald INTERNATIONAL Tribune

Israel's Arms Bazaar

For a beleaguered state like Israel, arms exports are a tempting way to seek foreign friends, earn money and promote military self-sufficiency.

Farming Is a Business

"What I have feared for a long time," says Representative Dan Glickman of Kansas, "is that the public will view agricultural spending in the late 1980s the way they view defense spending in the mid-1980s."

Learning to Say 'No'

What sort of program helps keep students away from drugs? No one seems to be sure. Older programs encouraged young people to search for "natural highs."

Other Comment

Chirac: A Precarious Position Prime Minister Jacques Chirac of France is paying a pitiless price for his own indecisiveness. He launches ineptly drafted but badly needed reforms for the French universities, then withdraws them when faced with student mobs in the streets.

China's Leaders Must Listen to the Student Protesters

By Ted Gap

WASHINGTON — Last Spring in Beijing, I received a letter from New York. After I had removed the contents, I was about to throw the envelope away when my wife noticed something else in it — a handwritten note in Chinese: "Fight for democracy, for human rights to the end!"

journalism. My wife worked for China's official news agency. We came to know the forces and frustrations fueling the demonstrations.

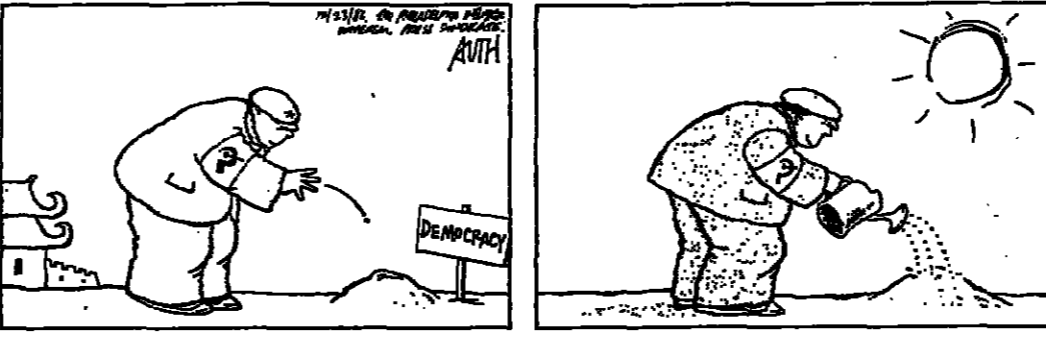
illness. Another protest in Beijing occurred in December 1985 when several hundred students from northwest China demonstrated against nuclear tests conducted in their region.

government has reacted by banning public protests by students in the capital. It knows that harsher action could be unwise, falling upon the children of China's intellectual elite.

The government will need them. Ironically, students' discontent is as much a measure of the successes of the current regime as it is an emblem of its failures.

The government is asking for patience. It has often pledged that modernization and democracy go hand in hand, but the definition of democracy remains a sharply contested issue.

The writer, a Washington Post reporter, taught journalism at the Chinese Academy of Social Sciences in Beijing, as a Fulbright Scholar.



Taipei Inches Along Road to Democracy

By Harvey J. Feldman

NEW YORK — The events of the past few months, especially the Dec. 6 parliamentary election, show that Taiwan is moving toward a more representative government and a two-party political system.

dates are men in their 30s and 40s, are more ethnic Taiwanese than mainlanders and understand the importance of a more open political system.

Taiwan's political system has long been a mixture of formally authoritarian one-party rule coupled with a significant degree of informal democracy.

Seventy percent of the senior party members who make up the Kuomintang's Central Standing Committee opposed Mr. Chiang's plan to open up the political system and move it toward a two-party basis.

The path of political reform and liberalization on Taiwan probably will be neither smooth nor swift.

Taiwan, long thought to be the home of a static and unmoderated authoritarianism, now sees the pace of reform. The internal adjustments will not be easy.

It's Time to Debunk the American Myth About 'Radical' States

By Stephen M. Walt

WASHINGTON — After the Iran arms fiasco, it is time to reassess U.S. policy toward the developing world.

Third, a peaceful world order, to reduce the risk of escalation and undermine Soviet influence. Finally, to promote basic human rights.

is why they rely on terrorist methods. And the threat from terrorism is often overstated: In the past 10 years, roughly 4,000 people have been killed by terrorist attacks worldwide.

Those who believe that radical regimes are dangerous argue that these states threaten basic U.S. objectives. They maintain that radical states are pro-Soviet, hostile to Western capitalism and generally aggressive and have abysmal human rights records.

Radical states pose no threat to the U.S. economy. In fact, most are eager trading partners. For example, 30 percent of Angola's trade is with the United States, 35 percent goes to U.S. allies and only 10 percent is with the entire Soviet bloc.

It is reassuring to note how little the world's radical states have accomplished. Syria has yet to regain any of the Golan Heights. Moammar Gadhafi's escapades have left Libya isolated. The Palestine Liberation Organization is further from gaining a homeland than ever.

Improving Indian-U.S. Relations: The Will Is There

By Narendra Singh

GARIIA, India — Since Prime Minister Rajiv Gandhi's meeting with President Ronald Reagan last year, the governments of the United States and India have been trying to improve bilateral relations.

return for Pakistan's services in Afghanistan. He remains unconcerned that Pakistan may be preparing to use these weapons against India.

The U.S. public is better and the new generation of Indian leaders are showing the political will to persevere, to improve ties.

First the positive side: Mr. Gandhi enjoys a good image among Americans and the mood toward India is now much more benign.

India's overtures to the United States have, at times, been misinterpreted as having increased U.S. ability to pressure India, or to ignore with greater impunity India's security concerns.

The writer, a recent Indian ambassador to Paris, has been preparing a book on Indian diplomacy. He contributed this comment to the International Herald Tribune.

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IN OUR PAGES, 75 AND 50 YEARS AGO 1911: President Sun SHANGHAI — The Provisional Military Assembly at Nanjing elected Dr. Sun-Yat-Sen as President of the new republic [on Dec. 29].

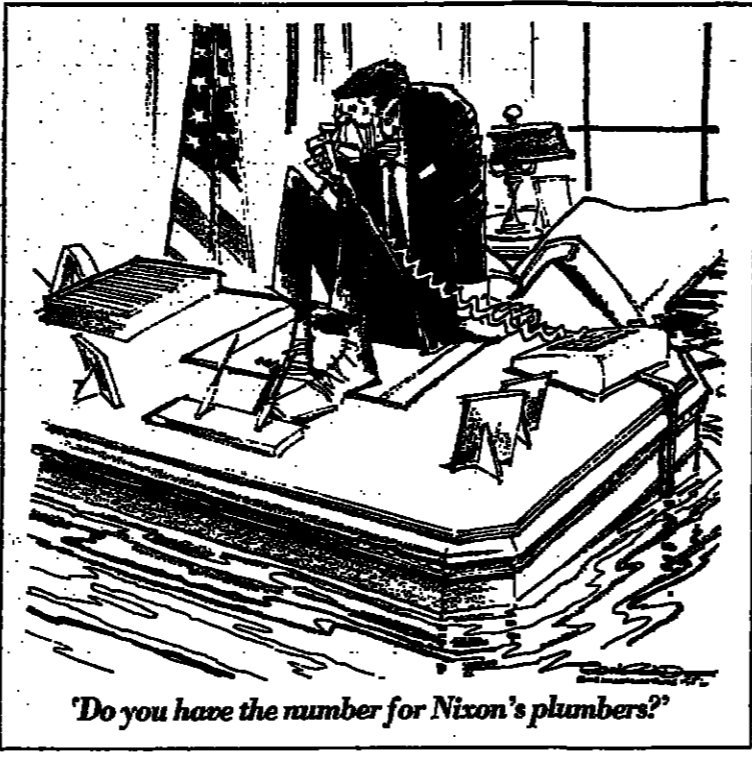
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OPINION

Sakharov's Example Holds Timely Lesson for America

By Anthony Lewis

BOSTON — In a time of so much violence and injustice, the world has one piece of transforming good news. The release of Andrei Sakharov from enforced exile is a beacon of hope for his people and the rest of us. It is, first of all, a testament to the human spirit. One man, no longer young, and his frail wife stood up to the power of the authoritarian state. Removed from their home and friends, kept in degrading isolation for seven years, harassed and humiliated, they held to their principles. Along with his heroism, Mr. Sakharov displays another extraordinary quality: sensitivity. How many people thus abused could resume their former lives without bitterness? How many could turn at once to the opportunity for change in the system that afflicted them? There is a real chance now for change in the Soviet system. That is the message sent by the decision to end Mr. Sakharov's exile. One must react cautiously, but it would be just as wrong to pretend that the act had no meaning at all. In the context of Soviet culture and history, it was astonishing that Mikhail Gorbachev personally telephoned Mr. Sakharov in Gorky to tell him the news of his release. When a high Soviet official reached out to a prominent dissident? The symbolism of the gesture could not have been more powerful. Other victims are not to be forgotten. Mikhail first of Dr. Anatoli Koryagin, a psychiatrist jailed since 1981 for exposing Soviet abuses of psychiatry. Notes from Dr. Koryagin confirm he has been treated with special cruelty. But there is some reason to hope for others, too. Mr. Gorbachev is too smart to think that he can mollify Western critics of Soviet human rights violations if after the move on Mr. Sakharov the oppression of dissidents and reformers, Jews forbidden to emigrate, continues. Mr. Gorbachev comes through in this affair as a man of daring and self-confidence compared with other Soviet leaders. We have to recognize that there is a real political risk for him in holding out his hand to someone who has been excommunicated as an enemy. The move comes as Mr. Gorbachev is trying to open up the Soviet system generally. The Sakharov release was seen in just those terms by some victims of the system. Valery Solov'ev, a longtime reformer, said: "The fact that Gorbachev identified himself with such a controversial move, which others are most likely opposed to, shows that he really is fighting for change against an opposition." The brightest hope would be that Mr. Gorbachev understands what Mr. Sakharov has been saying for many years — and understands that Mr. Sakharov is a patriot in saying it. The theme was encompassed in the title of Mr. Sakharov's 1968 book "Pro-



"Do you have the number for Nixon's plumbers?"

Voyager's Flight Was More Than a Stunt

By Michael Parfit

ST. IGNATIUS, Montana — The brave Voyager journey of Dick Rutan and Jeana Yeager was the last triumph in the heroic age of aviation. But it was more. Just as Charles Lindbergh's flight, almost 60 years ago, was not merely a step forward in transportation, Voyager's patient conquest of the globe was more than a stunt. By ending the year of the Challenger tragedy with a moment of joy, Voyager has become an irresistible symbol. There is reason to hope that this achievement may be one of those rare events that mark turning points in history, to represent not only the advance of technology but the new, global nature of human life. It is tempting to claim Voyager as an American symbol. Like Lindbergh's flight, Voyager's was a triumph of that particularly American union of fierce individualism and high technology. Few other public figures are as brusque, cantankerous, determined, and patriotic as the Rutan brothers, Dick and Jeana — the first an aeronautical genius who designed the plane, and the second a pilot who put his head down, pushed through years of public indifference, and built it by hand to reach his historic goal. Essentially, the Voyager is made of

paper and glue — but it is engineered paper, very refined glue. Voyager accomplished its task without frills — it didn't fly fast, or high, or aggressively. It was technology without bombast, tailored to its requirements. Lindbergh's journey had immense practical significance for America's position in the world. The fire lit under aviation was burning before the Paris flight, but Lindbergh put the bellows to it. Voyager, however, will not likely have the same incendiary effect: Aviation's curve of growth climbs at a shallow angle now, and while Voyager spokesmen talked of a day when such planes will crowd the skies, that seems an improbable outcome of this flight. The quiet trends that Voyager may ignite are more specialized: the use of composite materials instead of aluminum in aircraft; the miniaturization of instruments; increases in efficiency, range and load carrying ability, and innovation in design. Private aviation is in such distressing doldrums today that it is more realistic to think that Voyager in conquering the last great milestone of atmospheric aviation, will mark the decline of the era when flight was a novelty and a joy. But the sorrow of that thought to anyone who flies or who has longed to fly is personal and limited. Voyager has other, wider meanings — global, not nationalistic at all. Like Lindbergh, Rutan and Yeager dramatized changes in the way human beings look at their home planet, and pointed to the ways we will look at it in the future. One of the reasons Voyager didn't just fly off into the maw of Typhoon Marge was that Leonard Snelman, the mission meteorologist was watching the weather move across the other side of the world. He picked up data from several satellites, analyzed it, and then talked directly to Rutan by radio waves bounced back and forth from Mojave by telephone patches and satellite links all over the world. Wherever Rutan and Yeager were they were never out of touch. Like Lindbergh's ability to fly, by 1927 unremarkable, this stunning achievement in communications and observation does not seem awe-inspiring. But it is. We're just used to it. Voyager has shown how ordinary it is to contemplate the whole earth all at once. Looking at the earth whole is of course, about as advanced as aviation was in 1927, when wooden Fokker trimotors carried daring passengers from train to train and the DC-3 was still eight years away. But the signs of a swiftly interlocking global community are all about us. From the international sweep of industry to the way every silly and barbaric war has its tie to distant powers, the evidence is everywhere. Yet there has been no prior moment in time

LETTERS TO THE EDITOR

Poles and Jews Shouldn't Argue; Both Died at Nazi Hands

When the feature "Remnants: Poland's Jewish Survivors" appeared in your newspaper on Nov. 8, I thought that to comment on it would be a rather useless exercise. I had the same feeling after reading the letters published later on, discussing the Poles. But now my patience has run out. I have no objections when those who cold-bloodedly murdered six million Polish citizens are called "Nazis," which I much prefer to "Nazis." The Nazis were, and are, a 20th-century phenomenon, while the German attitude to the Poles and Poland can be traced centuries into the past. The Nazis gave an ideology to the German feeling, but did not create that feeling. However, I object to Richard Wolin's accusations (Letters, Dec. 2) against the Poles. I wonder whether he ever traveled to Poland to see the monuments raised to the Jewish victims of the Germans; to interview people who risked their lives (and their families' lives) to save Jews; to study the documentation of those efforts; and to reflect that the fury of the Germans was directed against the Poles as much as against the Jews? PIOTR KLAFKOWSKI, Solberg, Norway.

or by Claude Lanzmann's quest on the screen for accomplices at any price.

No sooner had World War II begun, with the German invasion of Poland, than the persecution of the Polish population ensued — forced labor, deportations, Gestapo torture chambers, concentration camps, killings. Thousands of ethnic Poles were exterminated in Auschwitz before the first Jews were sent there to die. Jews who survived the German occupation of Poland (and there are thousands of them) owe their lives to the Poles who hid them. Several thousand Poles were executed by the Germans for having harbored Jews. Richard Wolin's reference to "the enduring and bitter history of anti-Semitism in Poland" shows complete ignorance of history. Of Poland's prewar population, about 12 percent were Jews who had settled there, from the 13th century on, after fleeing persecution in Western Europe (including England). In Poland, they were guaranteed freedom to practice their religion and cultivate their traditions, and even considerable autonomy. The percentage of Jews in Poland became the highest in any country in the world. Jewish schools and synagogues were numerous in Poland, and the Hasidic movement was born in that country. Some Jews who integrated into Polish life became professors, generals, even government ministers. The anti-Jewish excesses of 1968 are regrettable, but they were orchestrated by the Communist Party on Soviet or-

Private aviation is in such distressing doldrums today that it is more realistic to think that Voyager in conquering the last great milestone of atmospheric aviation, will mark the decline of the era when flight was a novelty and a joy.

W.J. WAGNER, London.

General News

John D. MacDonald, Mystery Writer, Dies

MILWAUKEE — John D. MacDonald, 70, the author of 77 books, including the popular Travis McGee mystery series, died here Sunday of complications from heart surgery. Mr. MacDonald had been hospitalized since undergoing surgery in September and had been in a coma since Dec. 10. He published the first of his 77 books, "The Brass Cupcake," in 1950. Travis McGee was introduced in the Foremost paperback "The Deep Blue Good-bye" in 1962. Since then 20 McGee novels have appeared, selling more than 30 million copies in the United States alone. Other MacDonald books sold additional millions of copies in this country and abroad. The books made a fortune for the author. It was once said that Mr. MacDonald could write anything but a bad check. They also brought him critical acclaim. In 1972, he received the Edgar Grand Master award from the Mystery Writers of America, and in 1980 "The Green Ripper," a Travis McGee book, won the American Book Awards mystery competition. Apart from his skill as a storyteller, Mr. MacDonald had a finely tuned sense of time and place. Most of his books are set in a Florida whose beaches, seascapes and skies he described along with their invitations and promises. He invited readers to share his view of the world, a wearisome

place no doubt, but worth saving for the likes of most everybody but the bad guys. For the bad guys there is Travis McGee, a sleuth, hostman and "salvage consultant," who recovers not only property but also dreams. The people McGee helps have no other recourse, and so his fee — half of what he gets back — is less important than the fact that he upholds what is right. It goes without saying that McGee and his creator are two entirely different people. But it is also true that McGee is made to embody the things that Mr. MacDonald admired. These qualities plainly were appealing to a vast audience. John Dann MacDonald was born in Sharon, Pennsylvania. He attended the University of Pennsylvania and received his undergraduate degree at Syracuse University in 1938. He received his master's degree from Harvard in 1939. During World War II, he served in the Far East in the Office of Strategic Services and the U.S. Army, attaining the rank of lieutenant colonel. The first of his short stories was published after the war. He moved from New York to Texas and then to Mexico and finally in 1949 to Florida, where he lived in Sarasota. He wrote for pulp magazines and Esquire and Cosmopolitan. Before Travis McGee emerged, he had published 43 novels. Determined to establish a series character, he refused to allow the first McGee book to be published until he had written four of them and was satisfied with his work. He first planned to write 10, then 12. Although 21 have emerged, McGee and his world continued to evolve.

Tarkovsky, a Soviet Film Director In Exile, Dies of Cancer in France

PARIS — Andrei Tarkovsky, 54, an exiled Soviet film director hailed by critics for a series of films made in Moscow and the West, died Monday in Paris of cancer. Mr. Tarkovsky, who left the Soviet Union in 1964 and decided to remain in the West, had undergone cancer treatment for several months. He was too ill to attend the Cannes Film Festival in May, where he won the second-ranking award, the special jury prize. The award was accepted by his son, Andrei, 15, who was allowed to join his parents in France in January after an 18-month separation. When Mr. Tarkovsky, visiting Italy to film "Nostalghia" in 1984, decided not to return to the Soviet Union he was stripped of his citizenship and Moscow refused to let his son and mother-in-law come to the West. They were allowed to come after intervention by the government of President Francois Mitterrand. Mr. Tarkovsky, son of a Russian poet, Arseny Tarkovsky, left the Soviet Union reluctantly, but ac-

used the authorities of stifling creative freedom. His first feature film, "Ivan's Childhood," set in World War II, was followed in 1966 by the epic, generally considered to be his masterpiece, "Andrei Rublev." The three-hour story of an icon painter who survives the cruelty and violence of medieval Russia to create spiritual works of art had strong parallels with the career of the director himself, who was a Christian. The film caused a sensation at the 1969 Cannes festival, but was not shown in the Soviet Union until 1971. It was followed by the science fiction fantasy "Solaris" in 1972 and the autobiographical "Mirror" in 1974. Facing increasing difficulties with the film authorities, he made "Stalker," his last Soviet film, in the early 1980s. At the time he complained that the authorities allowed him to work "for export" only and gave his work no recognition or publicity at home. His last film, "The Sacrifice," was made in Sweden in 1985. Hwang Kecheng, 84; Marched With Mao BEIJING (AP) — Hwang Kecheng, 84, an early guerrilla companion to Mao Zedong and a veteran of the Long March who was purged during the Cultural Revolution, died Sunday in Beijing.



Andrei Tarkovsky

DEATH NOTICE Nous avons appris le décès de M. Michel CHESNAIL, agent de matricule rotativiste à OFFPRINTS, L'International Herald Tribune, adresse à son épouse, à son fils et à sa fille, ses plus sincères condoléances.

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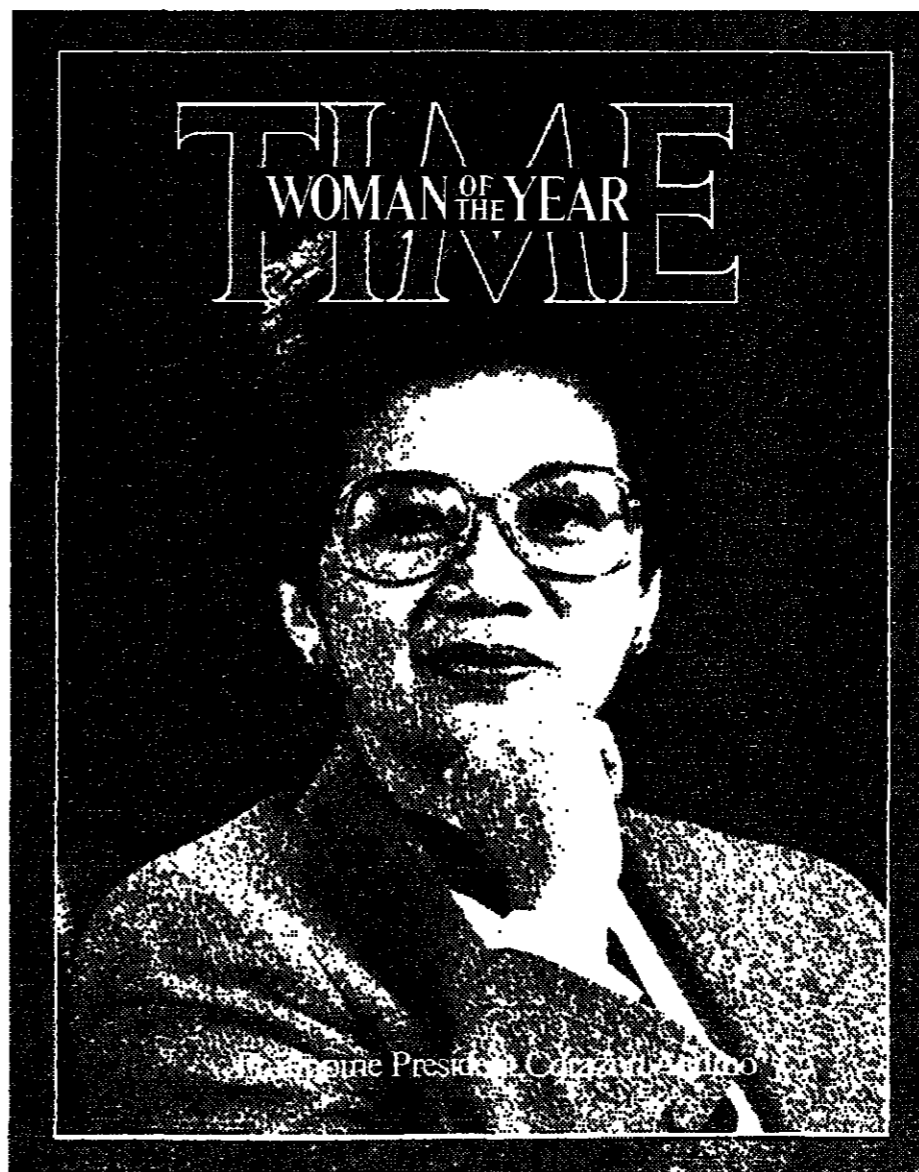
1986

History to some is a record of sorrow, a tragedy or cautionary tale. Yet last February in the Philippines, history became a fairy tale, a morality play in which corruption and redemption collided. A veteran ruler and his wife, looters of a land's riches and hope, were driven from office by a people united behind a bespectacled widow with no political experience.

The "housewife" in the yellow dress toppled clichés. She showed that force can speak softly and carry a small stick, that religion can be the stimulant of the masses. For resuscitating a nation's sense of identity and for her determination and courage in leading a democratic revolution, Corazon Aquino is TIME's Woman of the Year for 1986.

Disappointment may follow, but her legacy is clear: the promise of democracy without bloodshed holds up a candle of hope for dissidents in all the world's darker corners. As she told TIME in an interview for this issue, "All people really want is a chance to live in peace and the opportunity for a decent life."

Insight. Perspective. Understanding. A sense of history as the story of individual lives. These qualities continue to attract more readers in more countries, 29 million men and women around the world, to every issue of TIME, all year long.



NYSE Most Actives table with columns: Vol, High, Low, Last, Chg. Lists top trading stocks like UCOR, ADI, etc.

Market Sales table with columns: NYSE 4 a.m. volume, NYSE 9:30 a.m. close, etc.

NYSE Index table with columns: Composite, Industrials, Utilities, Finance, High, Low, Close, Chg.

Monday's NYSE Closing logo with 'Via The Associated Press' text.

AMEX Diary table with columns: Close, Prev. Lists AMEX trading activity.

NASDAQ Index table with columns: Composite, Industrials, Finance, Utilities, Services, Transp.

AMEX Most Actives table with columns: Vol, High, Low, Last, Chg. Lists active AMEX stocks.

Dow Jones Bond Averages table with columns: Class, C/Yr. Lists bond categories like Bonds, Utilities, etc.

NYSE Diary table with columns: Class, Prev. Lists NYSE trading diary.

Odd-Lot Trading in N.Y. table with columns: Buy, Sales, %Chg. Lists odd-lot trading data.

Dow Jones Averages table with columns: Open, High, Low, Last, Chg. Lists DJ Industrial, Transp., etc.

Standard & Poor's Index table with columns: High, Low, Close, Chg. Lists S&P 500, Industrials, etc.

NASDAQ Diary table with columns: Class, Prev. Lists NASDAQ trading diary.

AMEX Stock Index table with columns: High, Low, Close, Chg. Lists AMEX stock index.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Prices Slip; Trading Dull

NEW YORK — If the New York Stock Exchange plans to end 1986 with even the smallest sparkler, there was no sign of it Monday, as prices slid in dull trading, pressured by weak bond prices and profit-taking among blue chips.

AMEX Stock Index

Large table containing AMEX Stock Index and various stock listings with columns: 12 Month High Low, Stock, Div, Yld, PE, etc.

Main table containing NYSE Most Actives and various stock listings with columns: 12 Month High Low, Stock, Div, Yld, PE, etc.

Handwritten signature or note at the bottom of the page.

Stock Index Table with columns for AMEX, NYSE, NASDAQ, etc.

TUESDAY, DECEMBER 30, 1986

INTERNATIONAL STOCK MARKETS 'January Effect' Remains Mysterious but Profitable

By ALEX BARNUM Special to the Herald Tribune NEW YORK — Wall Street watchers have rarely been at a loss for theories to explain the stock market's mysterious. But one such mystery, the so-called "January effect," continues to elude explanation, while nonetheless proving profitable to some investors.

Research has confirmed that stocks with small market capitalizations should on average perform significantly better than large capitalization stocks in January. Nor is the January effect limited to Wall Street. It has been observed in a number of markets abroad.

In the United States, the effect has been documented at least back to 1926 and is there in every year except two, 1953 and 1969, according to Donald Keim, an assistant professor of finance at the Wharton School of Business.

Academics and market professionals have long been intrigued by evidence that small capitalization stocks do better over time than larger stocks. In one of the original studies of "seasonal size effects," Mr. Keim found that 50 percent of this premium occurred in January, and half of that was concentrated in the first five trading days of the year.

Another researcher, Richard W. Roll, a vice president at Goldman, Sachs & Co. who is on leave from the University of California at Los Angeles, showed that the largest price differentials occurred on the last trading day of December and the first trading day of January, and decreased as the month progressed.

"The entire effect is actually attributable to the first few days," he said. In new research, Mr. Keim examined returns of companies on the New York Stock Exchange and the American Stock Exchange between 1963 and 1985. After ranking the companies by size into ten groups, he showed that the smallest stocks gained the most, an average 13 percent on an annualized basis, over the largest stocks in January.

"The smaller the firm, the greater the January effects," Mr. Keim said. THE JANUARY EFFECT is not merely an academic concoction. "The Acom Fund does better than the market in January on an historical basis," said Ralph Wanger, president of Acom, a Chicago-based mutual fund that invests \$400 million in the stocks of small companies.

Despite an abundance of theories, a full explanation continues to elude the experts. "We don't really know why it occurs," Mr. Keim admitted. One theory popular on Wall Street but not among academics is that the stocks of smaller companies bounce back in January once the pressure of tax-loss selling disappears in December.



Workers handling steel at Denman & Davis, a medium-size service center in Clifton, New Jersey.

U.S. Steel's Last Oases Drying Up Middleman Service Centers Hurt by Own Success

By Jonathan P. Hicks New York Times Service NEW YORK — Good times are coming to an end for the only part of the U.S. steel industry that has been consistently profitable. For the last five years, while the major steel producers' losses mounted, steel service centers flourished as one of the few oases of profit in the beleaguered industry.

The rise of steel service centers was a result of manufacturers becoming more and more skittish about keeping huge inventories of steel products in their warehouses. The centers, playing an increasingly vital role in inventory control, began to profit by allowing manufacturers in the automobile, appliance and machinery industries to obtain the steel parts they needed when they were needed.

But, by all accounts, the centers' fortunes have begun to change. In recent months, they have come under pressure on several fronts. For one thing, the giant steel companies, well aware of the service centers' high profitability, have begun pressing for price increases on the products they sell to the centers.

Some analysts see a shift into steel service by the large steelmakers themselves. At the same time, the impact of the U.S. steel industry's dramatic overcapacity, coupled with a swelling number of service centers in the last five years, has eroded the centers' profitability.

"There is now a growing difficulty for steel service centers companies — particularly among the lower-sized companies," said Donald A.C. McGill, an independent New York steel consultant. "The market is overpopulated with competitors and the smaller companies do not have the ability to buy steel advantageously. That, and the slackened demand for steel, gives them little margin to survive on."

Some experts contend that the large steelmakers have taken on more steel-finishing capability, noting that the producers can charge higher prices for their products because of the additional cutting and forming functions they provide.

There has been a blurring between steel service centers and the large integrated mills, mostly because the mills have become more interested in taking on more of the service centers' role, said John Jacobson, an analyst with Chase Econometrics Inc. On another front, service centers are confronting a growing level of imports of finished and semifinished products that, though made of steel, are not subject to import restrictions.

Already, a few smaller service centers have closed their doors. For example, Frasse Bassett Inc., a medium-size Pennsylvania service center, has filed for bankruptcy protection. A greater number have been swallowed by larger, more profitable companies, such as the A.B. Murray Co., which was bought by Kilsby-Roberts Co.

U.S. May End Curb on Oil, Gas Sales to Soviet

By Clyde H. Farnsworth New York Times Service WASHINGTON — The Reagan administration is expected to remove most controls before the end of January on exports of oil and gas equipment and technology to the Soviet Union, according to administration trade officials.

The move would be a response both to the depressed conditions of the American industry and the reluctance of U.S. allies to impose similar export restraints.

The industry and its supporters contend that European and Japanese suppliers have picked up business that might have otherwise gone to American exporters.

The American share of total Western exports of such equipment has fallen from 25 percent before the ban eight years ago to less than 2 percent today, according to figures from the Petroleum Equipment Suppliers Association.

"The U.S. petroleum equipment and services industry has lost literally hundreds of millions (and quite possibly billions) of dollars and thousands of jobs as a result of the oil and gas control," said a statement from the industry trade association to the Commerce Department.

Based chiefly in the Southwest, the industry is in a region already hard hit by the decline in oil field activity accompanying the collapse of world oil prices.

The American move may also signal recognition by Washington of recent steps by the Soviet leader, Mikhail S. Gorbachev, to defuse the human rights issue, including the release of Andrei D. Sakharov, the physicist who returned to Moscow last week after seven years of exile in the city of Gorky.

The oil and gas controls were initially imposed by the Carter administration in August 1978 in response to the trials of two Jewish dissidents, Anatoli B. Shcharansky and Alexander Ginzburg. Both have now been released from prison and are out of the Soviet Union.

Volkswagen-Ford Merger Is Facing a Bumpy Road in Argentina, Brazil

By Alan Riding New York Times Service RIO DE JANEIRO — Despite the contrasting market conditions in Brazil, where new cars are in great demand, and in Argentina, where the automotive industry is in a slump, the Ford and Volkswagen subsidiaries in both countries have one thing in common: They are operating deeply in the red.

Hoping to forge strength out of weakness and, above all, profits out of losses, the two giant corporations announced plans in November to pool their resources and merge their subsidiaries in South America's two leading economies.

Industry analysts have described it as a creative attempt to remain in business. The new company, Autolatina SA, has the potential to become the world's 11th-largest car manufacturer, capable of building 900,000 vehicles a year, and a market share of 61 percent in Brazil and 34 percent in Argentina.

Owned 51 percent by Volkswagen AG and 49 percent by Ford Motor Co., it will have assets worth \$1.8 billion, annual sales of \$4 billion and 75,000 employees in 10 factories in Brazil and 5 in Argentina.

Eager to present the merger in a positive light, Ford and Volkswagen held up Autolatina as evidence of the viability of recent moves by Brazil and Argentina to promote integration of their economies. Over the next five years, company officials said, Autolatina will invest \$1 billion in the two countries.



Wolfgang Sauer, left, the president of Volkswagen do Brasil, and Wayne Booker, the president of Ford Brasil.

Yet the driving force behind the initiative remains the long-elusive search for profits. "We will start in the first year with a large loss, but we hope that it will be one of the last years with negative results," said Wolfgang Sauer, the president of Volkswagen do Brasil, who also will head Autolatina.

For Volkswagen, such a turnaround would be timely. In Brazil, where booming demand and tight price controls have placed the company in the bizarre position of losing money with every new car it sells, its losses are expected to widen from \$40 million in 1985 to about \$100 million in 1986.

In contrast, 1980 and it recorded losses of \$57 million for all of Latin America in 1985. In fact, even as plans for Autolatina were being announced last month, the president of Ford Brasil, Wayne Booker, who will become director-general of the new company, was forced to reiterate that Ford would not be pulling out of Brazil.

"We have found a way of rationalizing the operations of the two groups to make them more competitive and profitable," Mr. Booker said. When discussions between Ford and Volkswagen began two years ago, the idea was simply to merge their operations in Argentina to reduce costs during a prolonged recession. But when they later decided to combine their subsidiaries in Brazil, the project became more complex and ambitious, involving not only Brazil's much larger automotive market but the possibility of increased trade in finished vehicles and parts between the two countries.

Currency Rates

Table showing currency rates for various countries including Argentina, Australia, Brazil, Canada, etc.

Table showing other dollar values for countries like Argentina, Australia, Brazil, Canada, etc.

Interest Rates

Table showing Eurocurrency deposits for various terms like 1 month, 3 months, 6 months, 1 year.

Table showing US Money Market Rates for various instruments like 1-month bill, 3-month bill, etc.

Table showing Asian Dollar Deposits for various terms and currencies.

Table showing US Money Market Funds for various funds like Merrill Lynch, etc.

Table showing Gold prices for various types of gold bars and coins.

Telefonica Presses Bid on Eve of ITT-CGE Venture

By Axel Krause International Herald Tribune PARIS — Telefonica, Spain's government-controlled telephone company, was making a last-ditch effort Monday to join an international telecommunications company being established by Cie. Generale d'Electricite de France and ITT Corp. of the United States, French and Spanish company sources said.

But officials of state-owned CGE, which will control the new company, said in Paris that the final agreements between the committed partners would be signed by lawyers in Brussels on Tuesday, as scheduled, whether or not Cia. Telefonica Nacional de Espana SA joined the partnership.

"We are still in the process of waiting for resolving the issues with Telefonica that also involve the Spanish government, and they could come in now or even later, but we are going ahead," a CGE executive said. Telefonica has planned to take a 10-percent interest in the venture and invest about \$300 million. But snags have arisen over the company's industrial and financial involvement.

U.S. Tool Orders Decline Again

WASHINGTON — U.S. machine tool orders fell 26.3 percent in November to \$132.7 million from an upwardly revised \$180.2 million in October, the National Machine Tool Builders Association said Monday, confirming that the American industry is in for a difficult year in 1987.

In its monthly statistical report, the trade association also said that November orders were off 32.0 percent from orders of \$195.1 million in November 1985. It had reported last month that October tool orders totaled \$176.0 million. The trade group said orders for metal-forming tools fell 1.1 percent last month compared with October, while orders for metal-cutting tools were off 35.8 percent from October.

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Markets Closed Stock markets were closed in Japan and South Korea Monday for holidays.

Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE High-Low Close Chg. Table listing various stocks and their prices.

Sales of Existing Homes At 7-Year High in U.S.

WASHINGTON — Sales of existing homes in the United States climbed to the highest level in seven years last month as a rebound in economically depressed Southern states overcame weakness in other areas of the country, a real estate trade group reported Monday. The National Association of Realtors said sales of existing single-family homes rose 2.9 percent in November to a seasonally adjusted annual rate of 3.92 million units.

Argentina's State Airline, ALA, Will Be Sold to Highest Bidder

Buenos Aires — Argentina will sell its unprofitable state airline, Austral Lineas Aereas, or ALA, to the highest bidder next month, the minister of public works and services announced Monday. The minister, Pedro Trucco, said the domestic airline will be allowed to increase its share of flights in Argentina to 50 percent of the market. He did not put a price on ALA, but local press reports said the minimum bid the government must accept is \$27 million. Mr. Trucco said that both foreign and domestic companies can bid on ALA.

13 Month High-Low Close Chg. Table with columns for 13 Month High, Low, Close, and Change.

Main NYSE table listing various stocks and their prices.

Moody's Studying Republic Debt

NEW YORK — Moody's Investors Service Inc. said Monday that it is considering downgrading \$615 million of debt of Republic National Bank of New York. Moody's cited the parent's announced intention to acquire Williamsburgh Savings Bank, a New York thrift, for \$80 million. It said it would assess the impact of the purchase on consolidated profitability and the parent's cash flow and debt structure. It also plans to study Republic National's ability to service the parent's debt.

NYSE High-Lows

Table listing NYSE High-Lows for various stocks.

13 Month High-Low Close Chg. Table with columns for 13 Month High, Low, Close, and Change.

Main NYSE table listing various stocks and their prices.

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NYSE High-Lows

Table listing NYSE High-Lows for various stocks.

US Futures Via The Associated Press. Table listing various futures contracts.

Grains Table listing various grain futures contracts.

Livestock Table listing various livestock futures contracts.

Food Table listing various food futures contracts.

Currency Options Table listing various currency options contracts.

Financial Table listing various financial futures contracts.

Commodity Indexes Table listing various commodity index values.

Open High Low Close Chg. Table listing various commodity prices.

Metals Table listing various metal futures contracts.

Stock Indexes Table listing various stock index values.

Market Guide Table listing market guides for various sectors.

London Commodities Table listing various London commodity prices.

Asian Commodities Table listing various Asian commodity prices.

DM Futures Options Table listing various DM futures options contracts.

Spot Commodities Table listing various spot commodity prices.

S&P 100 Index Options Table listing various S&P 100 index options contracts.

U.S. Treasuries Table listing various U.S. Treasury bond prices.

Table listing various international market prices.

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Handwritten signature: J. L. M. J. M. J. M.

BUSINESS ROUNDUP

Nissan to Restructure; Cites Declining Profits

TOKYO — Faced with sharply declining profits both in Japan and abroad, Nissan Motor Co. has announced a major reorganization to bolster its sales and marketing operations. The announcement Sunday followed reports by Nissan, Japan's second-largest automaker, that it had posted a substantial drop in profits, both because of export sluggishness caused by the strong yen and its declining share of the domestic car market. The announcement said the company would reinforce and realign its domestic and international sales operations and set up new product planning and marketing groups as part of the restructuring. Nissan is "building a tough, lean corporate structure that can cope with sudden, unexpected changes in the business environment," the announcement said. The company's international sales division will be reorganized into four regional groups, with each group using sales strategies that relate to that area, the announcement said. It added that the London office and the European Corporate Office in Brussels would be merged into a new European office. Production in Britain, where Nissan started building cars in 1984 at an annual rate of 24,000, is to be raised to 100,000 units in 1991. Reflecting the yen's nearly 40-percent appreciation against the U.S. dollar, the company reported in November that its non-consolidated net income for the six months ended Sept. 30 had fallen 38.3 percent from the year-earlier period. Profit before taxes was reported to have plunged 55 percent, despite an increase in shipments to Europe of more than 60,000 units. Automobile industry sources said that Nissan's share of the Japanese car market has declined steadily while that of its chief rival, Toyota Motor Corp., has steadily grown.

People Express Shareholders Narrowly Approve Buyout

NEWARK, New Jersey — Stockholders of People Express Inc., the pioneer in no-frills airline travel, voted narrowly Monday to sell the near-bankrupt company to Texas Air Corp. for about \$110 million. The approval by 53 percent of common shareholders completes the transaction and makes Texas Air the largest U.S. airline holding company. People Express Airlines, the company's Newark-based flagship subsidiary, will merge into Texas Air's Continental Airlines unit effective Tuesday and will lose its independent identity by Feb. 1, People Express officials said. People Express management had warned that the company would probably have to declare bankruptcy if the agreement, announced in September and amended in November and December, were not approved. The stock swap was originally valued at about \$125 million, but the price was cut and other terms revised in Texas Air's favor several times since September because of People's continuing deterioration. The company had a loss of \$245.4 million in the first nine months of 1986 — \$112.9 million in the third quarter alone — compared with a loss of \$27.5 million for all of 1985. The airline filled only 57.3 percent of its seats with paying customers in the first 11 months of the year, and only 45.6 percent in November.

GM Hits Record In Europe Sales

DETROIT — General Motors Corp. said Monday that it will have sold more than 1.27 million cars in Europe by the end of 1986, a company record. GM said European sales for its European-made Vauxhall and Opel cars this year were 63,000 higher than in 1985, a gain of 5.4 percent. But the company's share of the European market slipped to 11 percent from 11.3 percent, ranking it behind Volkswagen-Audi-SEAT, Fiat, and Ford of Europe. It said that U.S. sales amounted to just over 1.9 million through Dec. 10, the latest period for which figures were available, or 2.4 percent below levels a year earlier.

Iacocca Says He'll Stay at Chrysler

By Richard Walker

DETROIT — Lee A. Iacocca, who piloted Chrysler Corp.'s financial resurrection, intends to remain as chairman of the carmaker until he turns 65 in late 1989 and maybe longer if he still finds the job "fun." In a year-end interview, Mr. Iacocca, 62, also said that Chrysler, the No. 3 U.S. automaker, expects its profits to average more than \$1 billion a year after taxes over the next five years. The forecast, he said, is based on plans for Chrysler to offer more profitable vehicles in coming years and to expand its share of the North American market. Mr. Iacocca, who gained fame for leading the revival of a once near-bankrupt Chrysler, said he would stay in the auto business "for sure — for certain" at least until his 65th birthday. "I'm so sure of that, I'd bet money on it if I were you people," he told journalists. "I want to make sure I don't have any political desires of any kind, believe me." Mr. Iacocca has repeatedly disavowed any interest in running the White House in 1988, despite a consistently strong showing in political polls. He said he might decide to stay at Chrysler past age 65, but that "depends on how tired I am." "If it's fun, it's fun and if it's not, you get out," he said. "Let's just keep it" at three more years for now, he said. Mr. Iacocca said that new upscale vehicles being planned would swell the average profit margin Chrysler earns on its vehicles for the next two years. "I don't see how we could do less than \$1 billion a year after taxes unless the roof caves in," he said. Chrysler's profits for the first nine months of 1986 were \$1.08 billion, a 24-percent decline from \$1.42 billion for the comparable 1985 period. For the year, analysts expect Chrysler's profit to slip to about \$1.4 billion, from \$1.65 billion in 1985. Mr. Iacocca declined to comment on the outlook for the fourth quarter or the first quarter of 1987, except to say that the final three months of a year "are usually pretty good — you can draw your own conclusions" and that first-quarter profits would be adversely affected by previously scheduled plant changeovers for new models. The company, he said, plans to



"I want to make sure I don't have any political desires of any kind, believe me."

— Lee A. Iacocca

augment its profits for the next two years by entering new market segments. These include the luxury segment with a new vehicle, code-named the "C-car," to be built at the Belvidere, Illinois, plant in 1987. "You stretch a minivan, you might add \$500" in profits, he said. Adding a V-6 engine adds another \$500, he said. "You put out an intermediate, sporty coupe. You put out convertibles. That's a whole lot of money," Mr. Iacocca said. "Then we come out with a whole Belvidere plant that can build maybe 230,000 a year of luxury cars if we could sell all of them." Chrysler, he said, will also be "throwing the book at our truck business," giving more competition to General Motors Corp. and Ford Motor Co. in an area where Japanese competition is limited by a 25-percent import duty. Analysts say trucks on average carry much higher profit margins than cars. On other subjects, Mr. Iacocca said: Chrysler's \$3 billion cash reserves will be used to fund repurchases of the company's stock, a program that could be widened from the previously announced plan. The company should commit \$1 billion to making acquisitions in the technology area, Mr. Iacocca said, though "I don't have much to report" after 15 months of studying high-tech firms in the electronics and composites fields. The money could also be used for more acquisitions in the financial area to strengthen the company's Chrysler Financial Corp. subsidiary, which he said is looking at two unnamed companies that could cost \$700 million to \$800 million. A new agreement for American Motors Corp.'s plant at Kenosha, Wisconsin, to build Chrysler's smallest cars, the Dodge Omni and Plymouth Horizon, is the most likely way to keep those cars in production past their scheduled phase-out at the Belvidere plant in the first half of 1987. AMC has already agreed to build Chrysler's largest cars, the rear-drive Fifth Avenue, Dodge Diplomat and Plymouth Gran Fury, at the Kenosha plant starting in early 1987 in the first contract assembly agreement between rival U.S. automakers. Chrysler talked with General Motors and Volkswagen of America about possible contract assembly agreements, but AMC is "shaping up" as the only alternative if the cars are to stay in production, Mr. Iacocca said. Capital spending for the next five years will average \$2.5 billion annually with a "ceiling" of \$12.5 billion for the whole period. The 1987 total will be about \$2.7 billion after about \$3 billion in 1986, while 1988 "might be lower" than the \$2.5 billion average. International business plans call for Chrysler to export vehicles to Europe as previously detailed, with sales pegged at up to 20,000 a year within "a couple of years." Chrysler will never again have manufacturing facilities in Europe, Mr. Iacocca said. Chrysler will own Italian automaker Maserati SpA by the early 1990s and is still in talks with the French automaker Renault and Italy's Fiat SpA about possible joint ventures, he said.

COMPANY NOTES

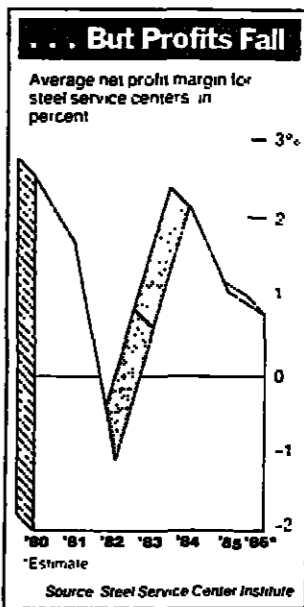
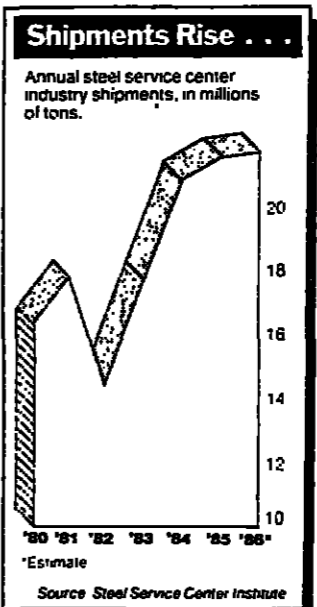
British Aerospace PLC has won orders, totaling more than \$130 million, for 18 Jetstream 31 light turboprop transport aircraft and 11 BAe-125 series 800 business jets. The Jetstreams were ordered by two unnamed U.S. airlines and the 125s by seven companies in three countries. Hilton International Inc. has signed a 15-year contract with a renewal option to manage a 400-room hotel to be built in Beijing and called the Hilton International Beijing. The agreement was signed with Oriental Arts Building Co. of Beijing and the Indar group of Hong Kong. Richardson Whamson Ltd. and Tai Cheung Properties Ltd. plan to sell their holdings in the Hong Kong Sheraton Hotel for more than 1 billion Hong Kong dollars (\$128.27 million), stockbrokers said. Midland-Ross Corp. of the United States is selling its Electro-Nite division in a management buyout for \$65 million, according to investors in Industry Group PLC of London, which is leading the financing arrangements. Minstar Inc. told the U.S. Securities and Exchange Commission that it has bought an additional 970,800 shares of Borg-Warner Corp., increasing its stake to 12.4 percent from 11.3 percent. Minstar, the Minneapolis investment company of Irwin L. Jacobs, has said it may consider seeking control of the company. New York Air, a unit of Texas Air Corp., said it was cutting fares by as much as 50 percent from Jan. 6 to Feb. 11 on some seats. Fares from Washington to Boston, Detroit and Hartford, Connecticut, were cut to \$39 from \$89 during peak hours and \$59 off peak. Fares between Washington and points in Florida were lowered to \$49 Monday through Thursday and \$69 Friday through Sunday, from around \$149 at peak times and \$129 off peak. Nomura Securities Co., the world's largest brokerage house, has acquired a half interest in Eastdil Realty Inc., a real estate investment banking firm, for more than \$50 million. As part of the agreement, Eastdil will serve as Nomura's real estate investment arm in the United States. Overseas Union Bank Ltd. said it has uncovered fraud involving letters of credit in its main Hong Kong branch. Reports have been made to the banking commissioner and other authorities in Hong Kong and investigations are in progress, it said. Racial Electronics PLC said in London that it has agreed to buy out the 15-percent interest of Millicom Inc. and 5-percent interest of Hambros Advanced Technology Trust in Racial-Millicom Ltd. for a total of \$160.9 million.

U.K. Examining Share Holding In Guinness

LONDON — Guinness PLC said Monday that the British government has ordered an investigation into the circumstances under which a unit of Henry Ansbacher & Co., a merchant banker, held shares in the distilling giant. A Guinness statement said that the subsidiary, Down Nominees Ltd., held 2.15 million shares of Guinness in May after Guinness won a bitter takeover fight for Distillers Co., the Scotch whisky maker. Guinness, which is under investigation by the Trade and Industry Department for alleged insider trading, said no further announcements on the share dealings would be made while the inquiry continued. Henry Ansbacher's managing director, Lord Spens, said that his bank had sold its Guinness shares to Morgan Grenfell & Co., the merchant banker that advised Guinness during the Distillers takeover. The government first ordered an investigation into Guinness' affairs on Dec. 1.

STEEL: Service Centers Are Victims of Own Success

(Continued from first finance page) cent below what they were in 1981," said Andrew G. Sharkey, president of the association. "That has had an impact on our members. Service centers have been trying to control their costs, but transaction prices have declined, expenses have climbed and companies are getting fewer gross margin dollars." Not that service centers are idle. The institute predicts that the level of shipments this year will rise to 21.7 million tons (19.5 metric tons), making 1986 the 13th consecutive year of record shipments. "Manufacturing companies don't want to keep inventory around because they think it's risky, and they don't want to pay their people 21 bucks an hour to move it around," Mr. Sharkey said. But the outlook for some important customers is not strong, either. "After record levels in 1986, declines in automotive and appliance production seem virtually inevitable," Mr. Sharkey said. "And only slight improvements are anticipated for the energy, agricultural and mining sectors — all of which have been at rock-bottom levels since 1984." The decline in profitability has



been particularly hard for smaller companies that have less capital to fall back on. But the impact has also been felt by larger centers. "Things are just not as robust as they were," said David N. Deizner, president of Denman & Davis, a medium-size service center based in Clifton, New Jersey. "Our order books have dwindled down since October. I think that, to some extent, it is uncertainty by manufacturers over changes in tax laws. But a decline in orders, along with the decrease in selling prices, have made things extremely tough."

Europe Obligations



Fonds Commun de Placement à compartiments multiples libellé en ECU. Luxembourg.

OPENING OF A SHORT TERM COMPARTMENT AND REMOVAL OF THE EXIT FEE

The société de gestion d'EUROPE OBLIGATIONS adopted at its September 26, 1986 Board meeting, in agreement with the fund custodian, a revision of the prospectus of EUROPE OBLIGATIONS, the change taking effect on January 1st, 1987. The main feature of the revision is the opening of a short term compartment in the fund. The fund will then include:

- a short term compartment, offering an ECU short term performance,
- a long term compartment, composed of the present fund.

Furthermore, the exit fee will be removed at the same date. The fund will now have the following denomination:

EUROPE OBLIGATIONS
FONDS COMMUN DE PLACEMENT
A COMPARTIMENTS MULTIPLES
LIBELLE EN ECU
Luxembourg.

This measure reflects the Board's desire to provide subscribers and units holders with a modern instrument enabling them to change their position at any moment in accordance with their view of the markets' evolution, by converting one compartment's units into those of the other at no charge.

Starting on January 1st 1987, holders will be able to exchange their existing certificates (coupons n° 14 and following attached) for EUROPE OBLIGATIONS LONG TERME certificates (coupons n° 1 and following attached) at any of the following institutions:

- Caisse d'épargne de l'Etat du Grand-Duché de Luxembourg,
- Banque de l'union européenne,
- Banque générale du Phénix,
- Caisse centrale des banques populaires,
- Caisse des dépôts et consignations,
- Deutsche Girozentrale - Deutsche Kommunalbank -

The revised prospectus of EUROPE OBLIGATIONS has been published in French in the Mémorial, journal officiel du Grand-Duché de Luxembourg, dated December 19, 1986. It is available at the institutions listed above.

Registered office: 9, av. de la Liberté Luxembourg.

Our Balance

360 Investors
1.6 Billion DM Investments
9400 Employees
first time in Berlin

We are the right partner, if you are considering an expansion of your business. Contact us. We would like to tell you all about the incentives available in Berlin.

Economic Development

BERLIN

Berlin Economic Development Corporation, Budapest Strasse 1, D-1000 Berlin 30, West Germany, Telephone (030) 26 36-1, Telex 184 467

AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: 12 Month High Low Stock Div. Yld. PE. 100 High Low Close Chg. 12 Month High Low Stock Div. Yld. PE. 100 High Low Close Chg.

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Table with columns: 12 Month High Low Stock Div. Yld. PE. 100 High Low Close Chg. 12 Month High Low Stock Div. Yld. PE. 100 High Low Close Chg.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 29 Dec. 1986

Large table listing various international funds with columns for fund name, share price, and other details.

Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595F for further information.

DM - Deutsche Mark; BF - Belgium Franc; FL - Dutch Florin; LF - Luxembourg Franc; ECU - European Currency Unit; SF - Swiss Franc; G - guilder; A - other prices - bid change.

Source: Credit Suisse-Financiers Bank Ltd.

AMEX High-Lows

NEW HIGHS

NEW LOWS

GE and Fauc of Japan Set Venture

Charlotteville, Virginia - General Electric Co. and Fauc Ltd. of Japan said Monday that they have launched a \$200 million joint venture, called GE Fauc Automation Corp., which will produce and implement factory automation designs and equipment.

Floating-Rate Notes

Deutsche Marks

Japanese Yen

Pounds Sterling

WORLD STOCKS IN REVIEW

IN THE EVERY DAY... ACCORDANCE WITH THE... ESSENTIAL READING FOR... AND PROFESSIONALS WORLDWIDE

Handwritten signature: J. J. J.

CURRENCY MARKETS

Dollar at 5-Year Low Against Mark

NEW YORK — The dollar tumbled to a five-year low against the Deutsche mark Monday in New York, said President Ronald Reagan's upcoming surgery would prevent any reversal until early 1987.

London Dollar Rates

Table with columns for currency (Sterling, Swiss franc, French franc) and rates (1 unit, 100 units).

German Bundesbank president, Karl Otto Pöhl, that any further depreciation of the dollar would be harmful to the West German economy.

STOCKS: January Effect

(Continued from first finance page) taxable income increases from 50 percent to 100 percent, up to a maximum \$3,000.

On the other hand, there is evidence that taxes have little to do with the January effect. Studies have found that it also occurs in Britain, Australia, Canada and Japan, even though some of them have a different tax year.

COMMODITIES

Oats Futures Soar as Output Declines

By Don Peterson United Press International

CHICAGO — Oat futures, which had shown little activity in recent years, have come into their own at the Chicago Board of Trade.

dealings in oats for 13 years, said commercial participation in the market has been tremendous, encompassing a broad cross-section of traders.

the oat price is well above the \$1.90 to \$2.00 level per bushel. "Until then, it will be more advantageous to plant corn, soybeans or barley," he said.

EC Rejects Plan By Japan to Ease Tariff on Liquor

BRUSSELS — The European Community rejected Monday an insufficiently Japanese tax-reform package that Tokyo had hoped would defuse charges of unfair taxation on wines and spirits.

THE EUROMARKETS

Secondary Sector Trade Quiet

By Christopher Pizzey Reuters LONDON — Secondary market sectors of the Eurobond market ended little changed Monday from the levels seen before Christmas, and dealers predicted that the area would remain quiet until the New Year.

man government. It totaled 4 billion DM. Lead manager for both the yen issues was Nomura International Ltd. The largest was a standard dual-currency bond for Morgan Guaranty Trust Co. of New York's Nassau branch.

U.S. M-1 Rises By \$1.6 Billion

NEW YORK — The narrowest measure of the U.S. money supply, M-1, rose \$1.6 billion to a seasonally adjusted \$722.5 billion in the week ended Dec. 15, the Federal Reserve said on Monday.

TRADE: U.S. Expected to Lift Ban on Oil, Gas Industry Exports to Soviet

(Continued from first finance page) oil and gas production equipment, machinery, and technology to manufacture such equipment and drilling fluids and other materials for enhanced oil and gas recovery.

Ship Orders Fall 33% Worldwide

PARIS — The world's shipbuilding industry suffered a 33-percent fall in new orders in the first nine months of this year compared with a year earlier, the Organization for Economic Cooperation and Development said Monday.

EC Rejects Plan By Japan to Ease Tariff on Liquor

BRUSSELS — The European Community rejected Monday an insufficiently Japanese tax-reform package that Tokyo had hoped would defuse charges of unfair taxation on wines and spirits.

Monday's OTC Prices NASDAQ prices as of 4 p.m. New York time. Via The Associated Press.

Table A: OTC prices for various stocks including ADC, ADK, ADP, etc.

Table B: OTC prices for various stocks including AIG, AIZ, AIZI, etc.

Table C: OTC prices for various stocks including AIZI, AIZII, AIZIII, etc.

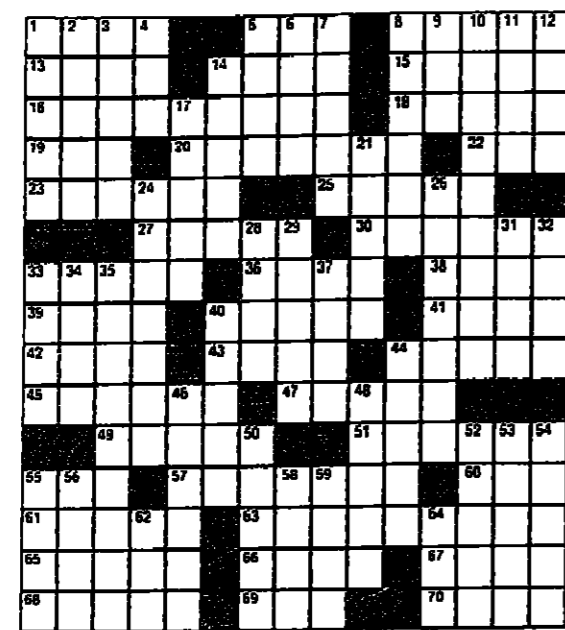
Table D: OTC prices for various stocks including AIZIII, AIZIV, AIZV, etc.

Table E: OTC prices for various stocks including AIZV, AIZVI, AIZVII, etc.

Table F: OTC prices for various stocks including AIZVII, AIZVIII, AIZIX, etc.

Table G: OTC prices for various stocks including AIZIX, AIZX, AIZXI, etc.

Small text at the bottom of the page providing additional market information and disclaimers.



- ACROSS**
- 1 Dizzy, for one
 - 5 Shriver of tennis
 - 8 Freeway exits
 - 13 English composer: 1710-78
 - 14 Farm structure
 - 15 Napoleon in 1814-15
 - 16 Cold time
 - 18 Euripides drama
 - 19 Sgt.
 - 20 Food item
 - 22 Anathema to R. Carson
 - 23 Malay Archipelago wear
 - 25 Alpine warble
 - 27 Rope fiber
 - 30 Painter Albert Pinkham and family
 - 33 Letter from Greece
 - 36 Ore vein
 - 38 "by the papers" ...
 - 39 Mixtur...
 - 40 Marketplace
 - 41 Parsian head
 - 42 Appends
 - 43 Solitary
 - 44 Ready for slipping
 - 45 Carpenter's chore
 - 47 Indian lute
 - 49 Hymn writer
 - 51 Followers
- DOWN**
- 1 Condemns 1
 - 2 Jong from N.Y.C.
 - 3 Alternative phrase
 - 4 Unused
 - 5 Home of the Panthers
 - 6 Highlands first name
 - 7 Victorious courage
 - 8 Cure
 - 9 Bunyan's implement
 - 10 County in Conn., Mass., N.J. or Va.
 - 11 Begged
 - 12 Congressman's prize
 - 14 Hitches
 - 17 Ancient district of Asia Minor
 - 21 Divided Asian country
 - 22 Process of diffusion
 - 26 Blue-pencil welders
 - 28 Pain: Comb. form
 - 29 Water birds
 - 31 Anatomical network
 - 32 Germ
 - 33 Tibetan antelopes
 - 34 Alan of "M*A*S*H"
 - 35 Form of obitistics
 - 37 Three-in-Dusseldorf
 - 40 Bane of pool owners
 - 44 African language
 - 45 Took 40 winks
 - 48 Past or present
 - 50 Carving in relief
 - 52 Deprive of courage
 - 53 January, in Jalisco
 - 54 Asian goat antelope
 - 55 Private or major
 - 56 Drug-yielding plant
 - 58 Hindu trinity member
 - 59 Stirr
 - 62 Consumed
 - 64 White and Adirondack: Abbr.

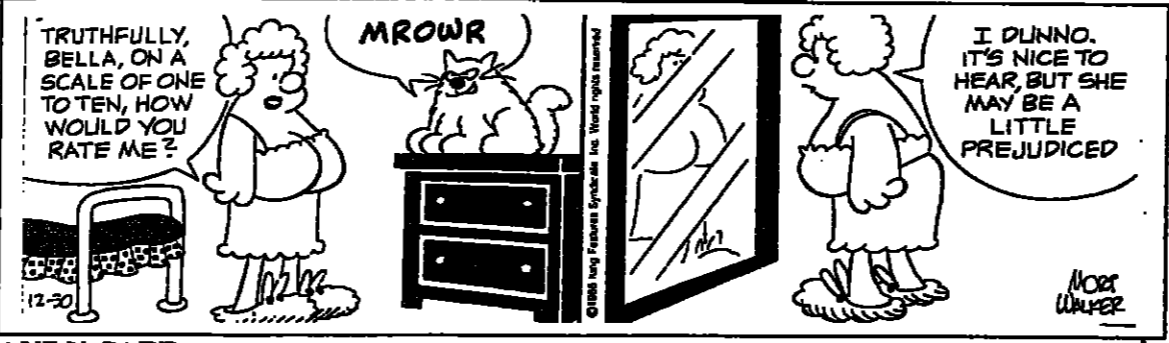
PEANUTS



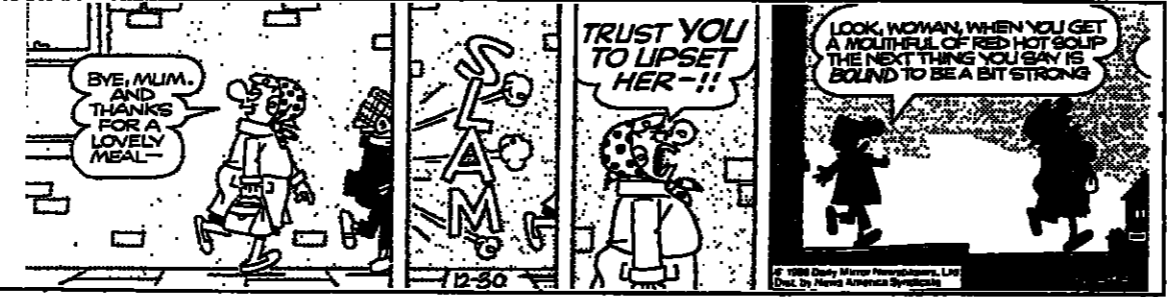
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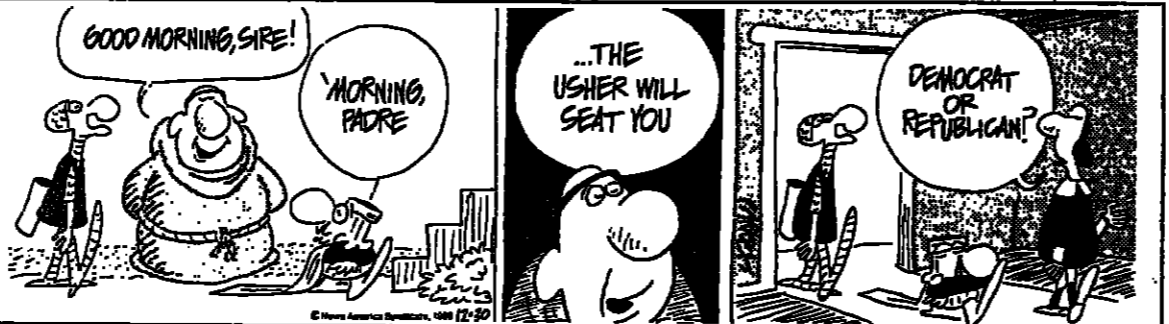
BEETLE BAILEY



ANDY CAPP



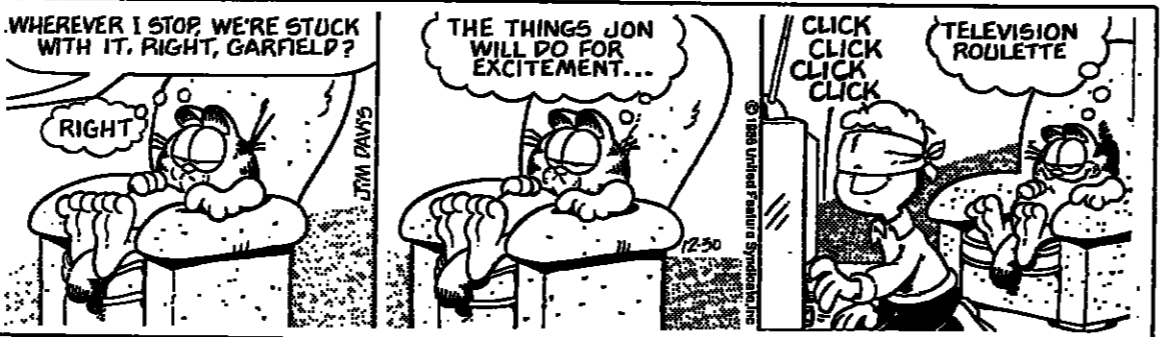
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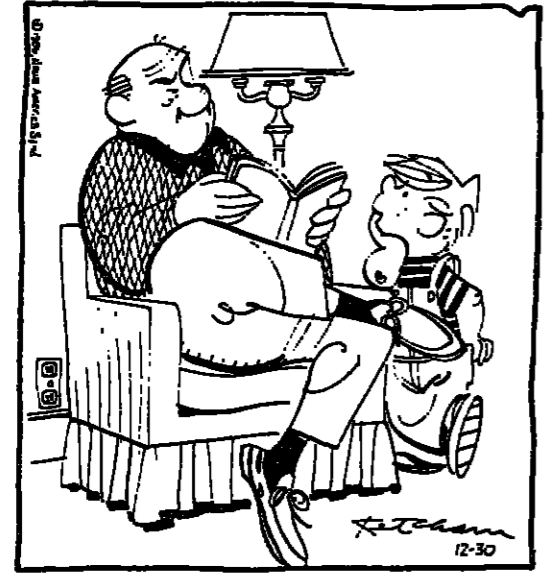
REX MORGAN



GARFIELD



DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

STUQE

UPDYM

FINTEC

YOHRT

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

Yesterday's Jumbles: JADED TANGY BRONCO INVADE

Answer: The media thought they'd better give the event plenty of this "COVERAGE"

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	15	8	C	46	F
Austria	12	5	C	32	F
Belgium	12	5	C	32	F
Berlin	12	5	C	32	F
Bombay	12	5	C	32	F
Buenos Aires	12	5	C	32	F
Calcutta	12	5	C	32	F
Canton	12	5	C	32	F
Chennai	12	5	C	32	F
Colombo	12	5	C	32	F
Delhi	12	5	C	32	F
Dhaka	12	5	C	32	F
Frankfurt	12	5	C	32	F
Geneva	12	5	C	32	F
Hankow	12	5	C	32	F
Harbin	12	5	C	32	F
Hong Kong	12	5	C	32	F
Kobe	12	5	C	32	F
London	12	5	C	32	F
Mumbai	12	5	C	32	F
New York	12	5	C	32	F
Osaka	12	5	C	32	F
Shanghai	12	5	C	32	F
Singapore	12	5	C	32	F
Tokyo	12	5	C	32	F
Washington	12	5	C	32	F
Zurich	12	5	C	32	F

MIDDLE EAST

Ankara 15 8 27 Sw

Beyrut 15 8 27 Sw

Cairo 15 8 27 Sw

Damascus 15 8 27 Sw

Houston 15 8 27 Sw

Jakarta 15 8 27 Sw

Jerusalem 15 8 27 Sw

Lahore 15 8 27 Sw

Manila 15 8 27 Sw

Medan 15 8 27 Sw

Seoul 15 8 27 Sw

Singapore 15 8 27 Sw

Taipei 15 8 27 Sw

Tokyo 15 8 27 Sw

Yokohama 15 8 27 Sw

OCEANIA

Auckland 15 8 27 Sw

Sydney 15 8 27 Sw

Wellington 15 8 27 Sw

World Stock Markets

Via Agence France-Presse Dec. 29

Closing prices in local currencies unless otherwise indicated.

Market	Index	Change	Market	Index	Change
Amsterdam	3812	+15	London	2450	+15
Bombay	1250	+10	Manila	1100	+5
Hong Kong	2350	+20	Singapore	1800	+10
Kobe	1500	+10	Tokyo	2100	+15
London	2450	+15	Zurich	1900	+10

BOOKS

PUBIS ANGELICAL

By Manuel Puig. Translated from the Spanish by Elena Brunet. 236 pages. Paper. \$6.95. Vintage Contemporaries, 201 East 50th Street, New York, N. Y. 10022.

Reviewed by Christopher Lehmann-Haupt

THE literal meaning of the title "Pubis Angelical" is explained in the closing pages of this elaborately imagined novel by the Argentine writer who is probably best known for the book from which the film "Kiss of the Spider Woman" was adapted.

In the closing pages of "Pubis Angelical," one of its heroines, known as W218, has been exiled to a region called the Ices Everlasting for the attempted murder of her deceased lover. LKJS. There she meets a defiant old woman who describes a vision in which she escapes to her war-torn homeland and appears on a battlefield dressed only in a nightgown.

"Suddenly a strange gust of wind arose and the nightdress was lifted, showing me to be naked, and the men trembled, and it that they saw I was a divine creature, my pubis was like that of the angels, without down and without sex, smooth. The soldiers were paralyzed with amazement. An angel had descended to the earth. And the shooting stopped, and the enemies embraced one another and cried, giving thanks to the heavens for having sent a message of peace."

In this vision, which is as much the book's as it is the defiant old lady's, peace is equated with the end of sex, or the elimination of what is elsewhere in the novel several times called a woman's "weak" place. With women no longer vulnerable, men no longer can oppress them, and the war between the sexes can end.

Puig must withhold this vision until the conclusion of the novel because up to that

Christopher Lehmann-Haupt is on the staff of The New York Times.

Solution to Previous Puzzle

CAPP JOWL EFGHI
 OLEO ARIA DOYEN
 SARG BING ERREO
 MACCABEE MEALY
 ONE TEN BASH
 PORTAGE TIENT
 AMAL WITS LOOE
 CANDLER LIGHTING
 IST STOL ROSES
 SKIP COLLEEN
 OATH ETE LEA
 MACRO EIGHT DAYS
 ASHER GARE ATRI
 STUNT AGER SKID
 HASTE DOES HERE

On Striking a (1987) Chord

CHICAGO — Super Bowl Sunday and New Year's Eve are two of the year's worst days for U.S. vocal strain, according to Jan Brenner, a speech pathologist, who urges Americans to whistle instead of yell at football games and to drink apple juice with their beer to ring in the new year. Mr. Brenner and his staff have taught about 500 commodity traders how to yell in the trading pits.

CHESS

By Robert Byrne

THE United States women's championship, held at the Stanley Hotel in Estes Park, Colorado, was won by Inna Izralov of Brooklyn, The 22-year-old international woman master, a Russian emigrant, scored 7-2 to top a round-robin field of 10.

Second place was captured by 18-year-old Liz Neely of Tucson, Arizona.

Izralov was awarded the Paul M. Albert brilliancy prize for her fourth-round victory over Neely.

In facing the Velimirovic Attack, which is defined by 8 Q-K2 and 9 O-O-O, Black usually takes time out for a prophylactic... P-QR3, but Izralov undauntedly continued her development with 9... R-QB1.

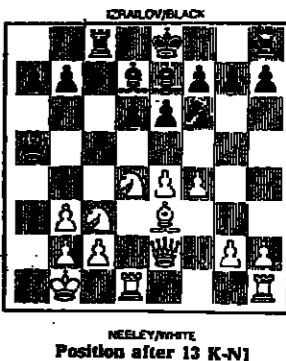
She did not fear 10 N4-N5! since 10... N-QR4; 11 B-N3, Nb5; 12 R-PAN, Q-R4 is more than sufficient for Black. Thus, 13 Nc2! Bb7; 14 P-R (15 Rb7, Q-Rch; 16 K-Q2 was to be discouraged by 16... NcP-mate, Q-Rch; 16 R-Rch, picking up a piece. Moreover, 13 Nc2! Rb1; 14 P-R, NcP; 15 K-N2, QcP; 16 K-R2, B-KB3! would have been an outright disaster for White.

Indeed, even after the cautious 13 K-N1, Izralov boldly sacrificed the exchange with 13... R-N! After 14 B-Q2, she could only get one pawn for it with 14... R-BP; 15 K-R, yet after 15... Q-B4ch; 16 B-B3, O-O, Black's positional compensation — the insecure placement of the white king and the doubled QNP's — made the venture worthwhile.

On 19 KR-B1, Izralov should have pressed her attack with 19... P-QN4! with a powerfully disruptive threat of 20... P-N5.

Her alternative, 19... B-KB3, did lead, after 20 P-N5, to her recovering the exchange by 20... BxN; 21 RxB, NxB (she had to beware of the trap 21... B-N4?; 22 Q-K3!, BxR; 23 R-N1, winning outright); 22 PxN, B-N4, but the resulting endgame was none too easy.

After a prolonged struggle, Izralov delivered the decisive blow with 57... Q-Qch! Because 58 K-K2, Q-K4ch; 59 K-Q2, devours White's passed pawn — her only counter-mance — Neely gave up.



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SPORTS

Redskins Throttle Rams, 19-7; Will Take On Bears Saturday

By Michael Janofsky
WASHINGTON — The Washington Redskins eliminated the Los Angeles Rams from the National Football League postseason Sunday...

his field-goal attempts, from 20, 25, 31 and 19 yards out. The winners' other score came on a 14-yard pass from Jay Schroeder...

Schroeder threw a quick dart to Didier, and Irvin appeared to have knocked the ball out of his hands. But he was called for pass interference...

NFL PLAYOFFS

From there, Schroeder hit Art Monk on a quick-out at the right side, picking up seven yards. The Redskins lost a yard on a running play...

A 45-yard completion to House then brought the Rams to the Redskins 28, and three rushes added 11 yards...

In the first half, the Rams surrendered the ball twice on fumbles by Dickerson and once on a fumble by tight end David Hill...

This time, the Ram defense held the Redskins and, after a punt, Los Everett marched the Rams to the Redskins 28.

A Kicked-Around Kicker Lands a Little Job Security

By Dave Goldberg
WASHINGTON — Itnerant kickers sometimes seem to blend into one guy — call him Max-Toony-Eric-Raul-Luis-Haji-Zendejas...

Philadelphia in the last game of the regular season. But that was a meaningless game. On Sunday, he knew the season being on his toes...



Jess Atkinson, at practice.



The Rams' Eric Dickerson (29), committing the first of his three fumbles in Sunday's game.

Jury Finding Keeps Steak 'n Kidney in Contention

Australia IV and Kookaburra III lead the standings with 59 points. The jury defeat lopped six points off Kookaburra II's total to send Kevin Parry's yacht deeper into third with 46 points...

Beashel cut the deficit to 21 seconds on the fifth buoy, but Gilmour oversaw a brilliant spinner run and powered around the third windward mark 1:20 ahead...

Meanwhile, Stars & Stripes recovered from a slow start and defeated USA by 3:02, its second straight victory in the challenger semifinals.

The closest Blackaller came to Stars & Stripes was seven seconds, rounding the first leeward mark. Then the race became a runaway.

A Year of Sporting Triumph and Tragedy

By Dave Anderson
NEW YORK — The New York Mets won the World Series. At 46, Jack Nicklaus won his sixth Masters title. At 54, Bill Shoemaker won his fourth Kentucky Derby. At 20, Mike Tyson won the World Boxing Council heavyweight championship...

But in 1986, the glory of those success stories was dimmed by the gloom of the year's most significant sports story — the death of 22-year-old Len Bias from cocaine intoxication.

Shortly after dawn on June 19, the 6-foot-8 (2.03-meter) forward collapsed in his University of Maryland dormitory suite. Two days earlier, Bias had been selected by the Boston Celtics as the second choice in the National Basketball Association draft.

In the past, drug-related incidents in sports had surfaced periodically when athletes checked into rehabilitation clinics, testified in court, or were arrested or disciplined. But now cocaine had killed an all-America basketball player about to join the reigning NBA champions.

"God sometimes uses our best people to get our attention," said the Reverend Jesse Jackson at the funeral. "He called him to get the attention of this generation. On a day the children mourn, I hope they learn."

In Boston, the Celtics and the National League Championship Series, the Mets took center stage in Game 6.

In the Series, the Mets were trailing the Boston Red Sox by two runs in the bottom of the 10th inning with none on, two out and two strikes. But they rallied to win, 6-5, on singles by Gary Carter, Kevin Mitchell and Ray Knight, a wild pitch by Bob Stanley, and Mookie Wilson's grounder that first baseman Bill Buckner let slip through his achting legs.

In the seventh game, the Mets trailed by three runs through five innings. After a three-run rally in the sixth, Knight's leadoff homer in the seventh provided the go-ahead run in their 8-5 triumph.

Against the Houston Astros in the league championship series, the Mets had needed six-game theatrics to survive. After having trailed, 3-0, in the top of the ninth, New York forced extra innings and finally won, 7-6, in the 16th.

Roger Clemens, the Red Sox right-hander, was voted both the most valuable player and the Cy Young Award in the American League after a 24-4 season that included a record 20 strikeouts in one game.

The first choice in the pro football draft, Bo Jackson, college football's Heisman Trophy winner, chose to sign with baseball's Kansas City Royals as an outfielder. But the Royals were stunned when their manager, Dick Howser, required surgery for a malignant brain tumor.

Currently not on any roster, Pete Rose, Steve Carlton and Tom Seaver may have completed their Hall of Fame credentials — a record 4,256 hits for Rose and 318 and 311 victories, respectively, for pitchers Carlton and Seaver.

Having won the National Football League title with a 46-10 Super Bowl rout of the New England Patriots in January, the Chicago Bears rolled to a 14-2 record this season. Over two years, the Bears are 32-3.

For the NFL as an entity, its most triumphant moment occurred when a jury awarded the United States Football League only \$1 after a three-month antitrust trial. The USFL had hoped for as much as \$1.69 billion in damages.

After the verdict, many of the USFL's best players joined NFL teams — Herschel Walker with Dallas, Jim Kelly with Buffalo, Kelvin Bryant with Washington.

In college football, the mythical No. 1 ranking will be settled Friday night when undefeated Penn State opposes undefeated Miami in the Fiesta Bowl. Miami's quarterback, Vinny Testaverde, was voted the Heisman Trophy as the nation's outstanding college player.

SCOREBOARD

Basketball

Table with columns for Holiday Bowl Classic, NYU Classic, and other basketball games with scores and locations.

NBA Standings

Table showing Eastern Conference and Western Conference NBA standings with columns for team, wins, losses, and percentage.

College Top-20 Results

Table listing college basketball results from various conferences including the Big Ten and SEC.

Transition

FOOTBALL: Dallas Cowboys signed free agent receiver, from injured receiver, placed on IR. Pittsburgh Steelers placed injured receiver on IR.

HOCKEY

NHL Standings

Table showing NHL Standings with columns for team, wins, losses, points, and goals for/against.

Campbell Conference

Table showing Campbell Conference hockey standings.

DEFENDER ELIMINATION

Table showing Defender Elimination tournament results.

Yacht

Australia IV, Kookaburra III, and Stars & Stripes are the top three yachts in the America's Cup regatta.

America's Cup

The America's Cup regatta is underway in Newport, Rhode Island. The defending champion, Australia IV, is favored to win.

Transition

FOOTBALL: Dallas Cowboys signed free agent receiver, from injured receiver, placed on IR. Pittsburgh Steelers placed injured receiver on IR.

PGA Championship

Bob Tway snatched the title by holing a bunker shot at the final green. With a total of 10 tournament victories around the world, Norman earned a record \$1.8 million in prize money.

In tennis, Martina Navratilova, who returned to her homeland of Czechoslovakia to dominate the Federation Cup, won both Wimbledon and the U.S. Open but lost the French Open to Chris Evert Lloyd — the 13th consecutive year that Evert has won at least one grand slam event.

For nearly a decade, boxing has been clouded by two and lately three champions in each division. Marvin Hagler has maintained some order as the undisputed middleweight champion. And now Mike Tyson looms as the heavyweight who will take all the letters out of boxing's alphabet soup.

With a second-round knockout of Trevor Berbick, the protégé of the late Cus D'Amato emerged as the youngest heavyweight champion in history.

Hagler, meanwhile, is training for an April title bout against Sugar Ray Leonard, who will have had one unimpressive fight in five years since detached-retina surgery on his left eye. Hagler has been guaranteed at least \$12 million, Leonard at least \$11 million.

In thoroughbred racing, Woody Stephens, then a 72-year-old trainer, won his fifth consecutive Belmont Stakes with Danzig Connection, and a 73-year-old trainer, Charlie Whittingham, won his first Kentucky Derby with Ferdinand. And, having ridden his fourth Derby winner, 4-foot-10 Bill Shoemaker stood taller than ever.

The two-time Stanley Cup champion Edmonton Oilers were stymied by the Calgary Flames in the seventh game of their Smythe Division final when a rookie Oiler defenseman, Steve Smith, inadvertently knocked the winning goal into his own net. Another rookie,

Patrick Roy

Patrick Roy, the Montreal Canadian goaltender, led the team with the seventh-best record during the National Hockey League's regular season to its record 23rd Cup.

Soccer

Soccer's international showpiece, the World Cup, was won by Argentina and its dashing 25-year-old star, Diego Maradona. The Argentines defeated West Germany, 3-2, in the final in Mexico City for their second World Cup title.

Jack Nicklaus

Jack Nicklaus was thought to be too old. He couldn't make the short putts any more, didn't compete in enough tournaments, was too busy designing golf courses instead of playing them.

Patrick Roy

Sergei Bubka of the Soviet Union raised his world pole-vault record to 19 feet 8 3/4 inches at the Goodwill Games.

INTERNATIONAL CLASSIFIED

Advertisement for International Classified featuring various escort services with contact information for agencies like London Belgravia, Geneva Beauty, and others.

ART BUCHWALD
Repartee for End of '86

WASHINGTON — As we come to the end of another wonderful year I would like to provide some snappy lines which you can use at New Year's Eve parties to attract everyone's attention and make yourself more important than you really are.



"I know you're not going to believe this, but I met an American ambassador who reports to Secretary of State George Shultz."

As he is going to take the Fifth Amendment on all three networks. "We just won a door prize of a two-week tour on Southern Air Transport with Eugene Hasenfus as our guide."

A Trip Through Apartheid by Rail

By Alan Cowell
New York Times Service

CAPE TOWN — Almost imperceptibly, below the blank stone gaze of Table Mountain, a train pulls out of Cape Town every other day, offering its passengers a luxury from the past that seems to contrast with the sadnesses of the present in the land it traverses.



Aboard the Blue Train: An air-conditioned cocoon.

Then, too, there is the vastness and grandeur of a land whose beauty seems to persist despite itself: the vistas of vineyard and mountain and sky crisscrossed by clouds in the Cape — tranquility reinforced by the unburied plume of dust from a car on a dirt road; or the fallow lands of the Transvaal, awaiting rain and the planting of corn on estates thirsting for change after years of drought.

Then, in 1923, a new train was introduced to do the run from the Cape to Johannesburg, called the Union Express. That, in turn, gave way to the Blue Train when carriage orders in 1937 were delivered despite a world war, and, in 1946, the train was given its name.

That train of a lost empire, they say, boasted separate cars for smoking, dining and games of poker, cars lined with oak that embraced, too, a library of leather-bound volumes.

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Celebrated Little Island Is Given to Scottish Trust

The uninhabited Scottish island of Staffa, which contains the spectacular Fingal's Cave, has been given to the National Trust for Scotland by its American owner, the trust announced Monday.

Forty-five Dutch engineering students claimed a new world record for domino chain reactions, tumbling 755,836 dominoes in a 45-minute extravaganza in Lisse, the Netherlands.

Palm Tree Is Making Architectural Comeback

SAN JOSE, California — The palm tree, shunned during the 1960s and '70s as too tacky or too glitzy, is making its way back into the designs of U.S. architects and planners.

"I think they should fire Don Regan first before they fire anyone at AT&T."

INTERNATIONAL CLASSIFIED

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